

CAPE AGULHAS LOCAL MUNICIPALITY



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ANNUAL FINANCIAL STATEMENTS

30 JUNE 2018

CAPE AGULHAS LOCAL MUNICIPALITY

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CAPE AGULHAS LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Cape Agulhas Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Cape Agulhas Local Municipality includes the following areas:

Bredasdorp	L'Agulhas	Protem
Napier	Arniston	Klipdale
Struisbaai	Suiderstrand	Elim

MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	PJ Swart	Ward 5	
Executive Deputy Mayor	Z Tonisi	Proportional	
Speaker	J G A Nieuwoudt	Ward 4	
Councillor - Full time	G D Burger	Proportional	Member of Executive Mayoral Committee
Councillor - Full time	M October	Ward 2	Member of Executive Mayoral Committee
Councillor - Part time	D Jantjies	Proportional	
Councillor - Part time	E C Marthinus	Proportional	
Councillor - Part time	E Sauls	Ward 1	
Councillor - Part time	C J Jacobs	Proportional	Chairperson of MPAC
Councillor - Part time	R J Baker	Ward 3	
Councillor - Part time	D J Europa	Ward 6	

MUNICIPAL MANAGER

Mr D O'Neill

CHIEF FINANCIAL OFFICER

Mr H Van Biljon

REGISTERED OFFICE

1 Dirkie Uys Street, Bredasdorp, 7280

POSTAL ADDRESS

PO Box 51, Bredasdorp, 7280

CAPE AGULHAS LOCAL MUNICIPALITY

GENERAL INFORMATION

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA, Bredasdorp

ATTORNEYS

Luttig, Badenhorst & Fourie Attorneys

Kruger & Blignaut Attorneys

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

mSCOA Regulations

CAPE AGULHAS LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER


I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 1 to 133 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr D O'Neill
Municipal Manager

31/08/18
Date

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
ASSETS			
Current Assets		81 714 557	62 424 968
Cash and Cash Equivalents	2	47 768 311	24 361 469
Receivables from Exchange Transactions	3	26 056 267	22 145 598
Receivables from Non-exchange Transactions	4	6 357 828	14 419 561
Operating Lease Asset	5.1	217 306	140 757
Current Portion of Long-term Receivables	6	7 248	31 117
Inventory	7	1 307 597	1 326 467
Non-current Assets		433 483 938	415 476 847
Long-Term Receivables	6	211 619	196 035
Investment Property	8	40 553 199	40 870 029
Property, Plant And Equipment	9	342 197 719	323 250 246
Intangible Assets	10	4 865 323	3 572 415
Capitalised Restoration Cost (PPE)	11	45 656 076	47 588 121
Total Assets		515 198 495	477 901 815
Current Liabilities		45 333 881	49 360 057
Current Portion of Long-Term Liabilities	12	3 506 160	684 389
Consumer Deposits	13	4 507 450	4 290 749
Payables from Exchange Transactions	14	24 671 978	32 140 948
Unspent Conditional Government Grants	15	400 460	1 370 000
Unspent Public Contributions	16	66 519	37 262
Taxes	17	679 092	41 734
Operating Lease Liability	5.2	14 325	11 812
Current Employee Benefits	18	11 487 896	10 783 164
Non-current Liabilities		138 324 534	119 251 771
Long-Term Liabilities	12	15 752 801	2 011 854
Employee Benefits	19	52 790 017	50 942 453
Non-Current Provisions	20	69 781 716	66 297 464
Total Liabilities		183 658 415	168 611 828
Net Assets		331 540 079	309 289 987
Community Wealth			
Accumulated Surplus	21	301 540 079	289 289 987
Capital Replacement Reserve	21	30 000 000	20 000 000
Total Community Wealth		331 540 079	309 289 987

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

REVENUE	Notes	2018 R (Actual)	2017 R (Restated)
REVENUE FROM NON-EXCHANGE TRANSACTIONS		134 930 924	112 719 799
Taxation Revenue		60 731 610	54 801 761
Property Rates	22	60 731 610	54 801 761
Transfer Revenue		57 679 558	45 670 659
Government Grants and Subsidies - Capital	23	12 456 582	10 815 689
Government Grants and Subsidies - Operating	23	37 463 553	33 935 113
Public Contributions and Donations - Capital	24	-	164 509
Public Contributions and Donations - Operating	24	56 500	35 282
Contributed Assets	25	7 702 924	720 066
Other Revenue		16 519 756	12 247 379
Fines	26	11 808 096	6 895 987
Actuarial Gains	27	4 669 007	5 189 508
Third Party - Insurance Receipts		42 653	161 884
REVENUE FROM EXCHANGE TRANSACTIONS		178 067 667	158 385 160
Operating Activities		178 067 667	158 385 160
Service Charges	28	150 349 902	139 116 532
Rental of Facilities and Equipment	29	9 351 079	7 786 767
Interest Earned - External Investments		2 821 294	2 130 979
Interest Earned - Outstanding Debtors	30	1 319 382	1 563 532
Licences and Permits		1 319 383	1 109 013
Agency Services		1 854 353	1 614 960
Other Income	31	6 467 929	5 051 376
Gains on Disposal of Properties		4 584 345	12 000
TOTAL REVENUE		312 998 591	271 104 960
EXPENDITURE			
Employee Related Costs	32	115 542 164	107 931 799
Remuneration of Councillors	33	5 059 866	4 743 451
Debt Impairment	34	18 160 974	10 965 865
Depreciation and Amortisation	35	12 035 121	11 019 554
Impairments	36	176 350	-
Actuarial Losses	38	302 372	-
Finance Charges	39	9 432 690	9 307 095
Bulk Purchases	40	75 357 709	73 081 748
Contracted Services	41	18 390 041	14 212 835
Transfers and Grants	42	1 398 206	1 464 986
Other Expenditure	43	34 353 944	34 657 982
Loss on Disposal of PPE		539 061	688 792
TOTAL EXPENDITURE		290 748 498	268 074 108
NET SURPLUS FOR THE YEAR		22 250 093	3 030 852

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2018

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2016 - Previously Reported	13 500 000	293 834 516	307 334 516
Prior Period Adjustment - Refer to note 44.05	-	(1 075 381)	(1 075 381)
Balance on 30 June 2016 - Restated	13 500 000	292 759 135	306 259 135
Net Surplus for the Year	-	3 030 852	3 030 852
Transfers to Reserves	16 459 334	(16 459 334)	-
Property, Plant and Equipment Purchased	(9 959 334)	9 959 334	-
Balance on 30 June 2017 - Restated	20 000 000	289 289 987	309 289 987
Net Surplus for the Year	-	22 250 093	22 250 093
Transfers to Reserves	17 389 605	(17 389 605)	-
Property, Plant and Equipment Purchased	(7 389 605)	7 389 605	-
Balance on 30 June 2018	30 000 000	301 540 079	331 540 079

CAPE AGULHAS LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		58 460 077	52 601 208
Service Charges		143 354 704	134 653 593
Other Revenue		25 688 588	10 807 776
Government - Operating		37 259 746	33 905 429
Government - Capital		12 111 782	11 515 689
Interest		4 140 676	3 694 511
Payments			
Suppliers and Employees		(253 427 522)	(210 863 026)
Finance Charges		(490 202)	(353 392)
Transfers and Grants		(1 398 206)	(1 464 986)
NET CASH FROM OPERATING ACTIVITIES	46	25 699 644	34 496 803
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of Assets		4 919 345	20 000
Decrease in Long-Term Receivables		8 285	27 098
Payments			
Purchase of Property, Plant and Equipment		(22 397 027)	(21 170 926)
Purchase of Intangible Assets		(1 602 825)	(3 000 995)
NET CASH USED INVESTING ACTIVITIES		(19 072 221)	(24 124 824)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		17 400 000	220 035
Increase in Consumer Deposits		216 701	282 667
Payments			
Loans Repaid		(837 282)	(897 009)
NET CASH FROM/(USED) FINANCING ACTIVITIES		16 779 419	(394 307)
NET INCREASE IN CASH HELD		23 406 842	9 977 671
Cash and Cash Equivalents at the beginning of the year		24 361 469	14 383 798
Cash and Cash Equivalents at the end of the year		47 768 311	24 361 469
NET INCREASE IN CASH HELD		23 406 842	9 977 671

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)
ASSETS			
Current Assets			
Cash	32 768 311	14 519 221	18 249 089
Call Investment Deposits	15 000 000	-	15 000 000
Consumer Debtors	29 666 797	27 691 197	1 975 600
Other Receivables	2 964 605	5 033 708	(2 069 103)
Current portion of Long-Term Receivables	7 248	31 117	(23 869)
Inventory	1 307 597	1 326 467	(18 869)
Total Current Assets	81 714 557	48 601 709	33 112 848
Non Current Assets			
Long-Term Receivables	211 619	164 918	46 701
Investment Property	40 553 199	40 861 931	(308 732)
Property, Plant and Equipment	387 853 796	386 389 329	1 464 467
Intangible Assets	4 865 323	4 463 965	401 358
Total Non-Current Assets	433 483 938	431 880 144	1 603 794
TOTAL ASSETS	515 198 495	480 481 853	34 716 642
LIABILITIES			
Current Liabilities			
Borrowing	3 506 160	1 658 832	1 847 328
Consumer Deposits	4 507 450	4 548 194	(40 744)
Trade and Other Payables	25 832 375	26 556 690	(724 315)
Provisions and Employee Benefits	11 487 896	11 430 154	57 742
Total Current Liabilities	45 333 882	44 193 870	1 140 011
Non-Current Liabilities			
Borrowing	15 752 801	4 876 362	10 876 439
Provisions and Employee Benefits	122 571 733	124 274 312	(1 702 579)
Total Non-Current Liabilities	138 324 534	129 150 674	9 173 860
TOTAL LIABILITIES	183 658 416	173 344 544	10 313 871
NET ASSETS	331 540 079	307 137 309	24 402 770
COMMUNITY WEALTH			
Accumulated Surplus	301 540 079	287 137 309	14 402 770
Reserves	30 000 000	20 000 000	10 000 000
TOTAL COMMUNITY WEALTH/EQUITY	331 540 079	307 137 309	24 402 770

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)
ASSETS			
Current assets			
Cash	6 415 414	8 103 807	14 519 221
Consumer Debtors	28 018 667	(327 470)	27 691 197
Other Receivables	8 101 574	(3 067 866)	5 033 708
Current portion of Long-Term Receivables	27 208	3 909	31 117
Inventory	1 478 364	(151 898)	1 326 467
Total Current Assets	44 041 227	4 560 482	48 601 709
Non-Current Assets			
Long-Term Receivables	172 626	(7 708)	164 918
Investment Property	40 232 173	629 758	40 861 931
Property, Plant And Equipment	390 091 290	(3 701 961)	386 389 329
Intangible Assets	1 762 703	2 701 262	4 463 965
Total Non Current Assets	432 258 792	(378 648)	431 880 144
TOTAL ASSETS	476 300 019	4 181 834	480 481 853
LIABILITIES			
Current Liabilities			
Borrowing	2 310 182	(651 350)	1 658 832
Consumer Deposits	4 376 926	171 268	4 548 194
Trade and Other Payables	15 334 179	11 222 511	26 556 690
Provisions and Employee Benefits	15 795 682	(4 365 528)	11 430 154
Total Current Liabilities	37 816 969	6 376 901	44 193 870
Non Current Liabilities			
Borrowing	6 651 357	(1 774 995)	4 876 362
Provisions and Employee Benefits	128 942 091	(4 667 779)	124 274 312
Total Non-Current Liabilities	135 593 448	(6 442 774)	129 150 674
TOTAL LIABILITIES	173 410 417	(65 873)	173 344 544
NET ASSETS	302 889 602	4 247 707	307 137 309
COMMUNITY WEALTH			
Accumulated Surplus	287 889 602	(752 293)	287 137 309
Reserves	15 000 000	5 000 000	20 000 000
TOTAL COMMUNITY WEALTH/EQUITY	302 889 602	4 247 707	307 137 309

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)
REVENUE BY SOURCE			
Property Rates	60 731 610	60 143 050	588 560
Service Charges - Electricity Revenue	102 079 035	103 306 154	(1 227 119)
Service Charges - Water Revenue	22 484 210	24 341 770	(1 857 560)
Service Charges - Sanitation Revenue	10 346 159	9 485 935	860 224
Service Charges - Refuse Revenue	15 440 499	15 723 345	(282 846)
Rental Of Facilities and Equipment	9 351 079	2 055 660	7 295 419
Interest Earned - External Investments	2 821 294	2 060 000	761 294
Interest Earned - Outstanding Debtors	1 319 382	1 496 000	(176 618)
Fines, penalties and forfeits	11 808 096	9 271 000	2 537 096
Licences and Permits	1 319 383	60 500	1 258 883
Agency Services	1 854 353	2 418 700	(564 347)
Transfers Recognised - Operational	37 463 553	60 448 808	(22 985 255)
Other Revenue	11 236 089	12 613 864	(1 377 775)
Gains on Disposal of Properties	4 584 345	1 700 000	2 884 345
TOTAL OPERATING REVENUE	292 839 086	305 124 786	(12 285 700)
EXPENDITURE BY TYPE			
Employee Related Costs	115 542 164	116 621 179	(1 079 015)
Remuneration of Councillors	5 059 866	5 144 703	(84 837)
Debt Impairment	18 160 974	7 833 480	10 327 494
Depreciation & Asset Impairment	12 211 471	10 232 349	1 979 122
Finance Charges	9 432 690	9 683 430	(250 740)
Bulk Purchases	75 357 709	76 798 030	(1 440 321)
Contracted Services	18 390 041	18 091 362	298 679
Transfers and Grants	1 398 206	2 808 400	(1 410 194)
Other Expenditure and Materials	34 656 316	67 419 267	(32 762 951)
Loss on Disposal of PPE	539 061	-	539 061
TOTAL OPERATING EXPENDITURE	290 748 498	314 632 200	(23 883 702)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR			
	2 090 587	(9 507 414)	11 598 001
Transfers Recognised - Capital	12 456 582	12 269 499	187 083
Contributed Assets	7 702 924	5 717 103	1 985 821
NET SURPLUS FOR THE YEAR	22 250 093	8 479 188	13 770 905

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)
REVENUE BY SOURCE			
Property Rates	60 143 050	-	60 143 050
Service Charges - Electricity Revenue	103 306 154	-	103 306 154
Service Charges - Water Revenue	24 341 770	-	24 341 770
Service Charges - Sanitation Revenue	9 485 935	-	9 485 935
Service Charges - Refuse Revenue	15 723 345	-	15 723 345
Rental of Facilities and Equipment	2 055 660	-	2 055 660
Interest Earned - External Investments	2 060 000	-	2 060 000
Interest Earned - Outstanding Debtors	1 496 000	-	1 496 000
Fines, penalties and forfeits	9 271 000	-	9 271 000
Licences and Permits	60 500	-	60 500
Agency Services	2 418 700	-	2 418 700
Transfers Recognised - Operational	55 133 501	5 315 307	60 448 808
Other Revenue	7 769 175	4 844 689	12 613 864
Gains on Disposal of Properties	500 000	1 200 000	1 700 000
TOTAL OPERATING REVENUE	293 764 790	11 359 996	305 124 786
EXPENDITURE BY TYPE			
Employee Related Costs	117 178 789	(557 610)	116 621 179
Remuneration of Councillors	5 144 703	-	5 144 703
Debt Impairment	7 833 480	-	7 833 480
Depreciation & Asset Impairment	11 439 899	(1 207 550)	10 232 349
Finance Charges	8 964 009	719 421	9 683 430
Bulk Purchases	76 678 030	120 000	76 798 030
Contracted Services	18 207 802	(116 440)	18 091 362
Transfers and Grants	2 763 400	45 000	2 808 400
Other Expenditure and Materials	60 711 566	6 707 701	67 419 267
TOTAL OPERATING EXPENDITURE	308 921 678	5 710 522	314 632 200
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	(15 156 888)	5 649 474	(9 507 414)
Transfers Recognised - Capital	12 969 499	(700 000)	12 269 499
Contributed Assets	-	5 717 103	5 717 103
NET SURPLUS/(DEFICIT) FOR THE YEAR	(2 187 389)	10 666 577	8 479 188

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	58 460 077	57 645 566	814 511
Service Charges	143 354 704	146 509 697	(3 154 994)
Other Revenue	25 688 588	17 617 369	8 071 219
Government - Operating	37 259 746	72 809 087	(35 549 341)
Government - Capital	12 111 782	12 238 248	(126 466)
Interest	4 140 676	3 493 878	646 799
Payments			
Suppliers and Employees	(253 427 522)	(294 990 255)	41 562 733
Finance Charges	(490 202)	(769 930)	279 728
Transfers and Grants	(1 398 206)	(2 763 400)	1 365 194
NET CASH FROM OPERATING ACTIVITIES	25 699 644	11 790 260	13 909 384
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of Assets	4 919 345	1 700 000	3 219 345
Decrease in Non-Current Receivables	8 285	31 117	(22 832)
Payments			
Capital Assets	(23 999 851)	(27 460 020)	3 460 169
NET CASH USED IN INVESTING ACTIVITIES	(19 072 221)	(25 728 903)	6 656 682
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
New Loans Raised	17 400 000	5 472 750	11 927 250
Increase in Consumer Deposits	216 701	257 445	(40 744)
Payments			
Loans Repaid	(837 282)	(1 633 799)	796 517
NET CASH FROM FINANCING ACTIVITIES	16 779 419	4 096 396	12 683 023
NET INCREASE/(DECREASE) IN CASH HELD	23 406 841	(9 842 247)	33 249 089
Cash and Cash Equivalents at the beginning of the year	24 361 469	24 361 469	-
Cash and Cash Equivalents at the end of the year	47 768 311	14 519 221	33 249 089
NET INCREASE/(DECREASE) IN CASH HELD	23 406 842	(9 842 247)	33 249 089

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R (Approved Budget)	2018 R (Adjustments)	2018 R (Final Budget)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	57 978 833	(333 267)	57 645 566
Service Charges	147 356 716	(847 018)	146 509 697
Other Revenue	15 094 338	2 523 031	17 617 369
Government - Operating	55 133 501	17 675 586	72 809 087
Government - Capital	12 269 499	(31 251)	12 238 248
Interest	3 502 167	(8 290)	3 493 878
Payments			
Suppliers and Employees	(273 934 862)	(21 055 393)	(294 990 255)
Finance Charges	(727 330)	(42 600)	(769 930)
Transfers and Grants	(2 763 400)	-	(2 763 400)
NET CASH FROM OPERATING ACTIVITIES	13 909 462	(2 119 202)	11 790 260
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	500 000	1 200 000	1 700 000
Decrease in Non-Current Receivables	27 208	3 909	31 117
Payments			
Capital Assets	(27 664 699)	204 679	(27 460 020)
NET CASH USED IN INVESTING ACTIVITIES	(27 137 491)	1 408 588	(25 728 903)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
New Loans Raised	5 660 750	(188 000)	5 472 750
Increase in Consumer Deposits	188 480	68 965	257 445
Payments			
Loans Repaid	(2 240 385)	606 586	(1 633 799)
NET CASH FROM FINANCING ACTIVITIES	3 608 845	487 551	4 096 396
NET DECREASE IN CASH HELD	(9 619 184)	(223 063)	(9 842 247)
Cash and Cash Equivalents at the beginning of the year	16 034 598	8 326 871	24 361 469
Cash and Cash Equivalents at the end of the year	6 415 414	8 103 807	14 519 221
NET DECREASE IN CASH HELD	(9 619 184)	(223 063)	(9 842 247)

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.2 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

1.3 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.4 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.5 COMPARATIVE INFORMATION

1.5.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

1.6 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.8.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Municipality resolved to early adopt the following Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 20	Related Party Disclosures	1 April 2019
GRAP 108	Statutory Receivables	1 April 2018

The effect of the above-mentioned Standards of GRAP which were early adopted is considered insignificant. Accounting policies for these Standards of GRAP were already formulated in the prior year's financial statements. The only effect is additional disclosure requirements.

The Municipality resolved to early adopt the following amended Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 12 (2017)	Inventories	1 April 2018
GRAP 16 (2017)	Investment Property	1 April 2018
GRAP 17 (2017)	Property, Plant and Equipment	1 April 2018
GRAP 21 (2017)	Impairment of non-cash-generating assets	1 April 2018
GRAP 26 (2017)	Impairment of cash-generating assets	1 April 2018
GRAP 27 (2017)	Agriculture	1 April 2018
GRAP 31 (2017)	Intangible Assets	1 April 2018
GRAP 103 (2017)	Heritage Assets	1 April 2018

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality further resolved not to early adopt Directive 12 - "The Selection of an Appropriate Reporting Framework by Public Entities" (effective 1 April 2018) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which was issued but is not yet effective:

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.8.1.1 GRAP 32 - Service Concession Arrangements: Grantor (effective 1 April 2019)

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.8.1.2 GRAP 109 - Accounting by Principles and Agents (effective 1 April 2019)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

1.8.1.3 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

No significant impact is expected as the Municipality does not have any living resources. Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

1.8.1.4 iGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

This Interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.8.1.5 Recognition and Derecognition of Land (effective 1 April 2019)

This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.8.1.6 Liabilities to Pay Levies (effective 1 April 2019)

This Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

1.8.1.7 GRAP 18 - Segment Reporting (effective 1 April 2020)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.8.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 34 - Separate Financial Statements (Original - March 2017)

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

1.08.2.2 GRAP 35 - Consolidated Financial Statements (Original - March 2017)

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08.2.3 GRAP 36 - Investments in Associates and Joint Ventures (Original - March 2017)

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

1.08.2.4 GRAP 37 - Joint Arrangements (Original - March 2017)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

1.08.2.5 GRAP 38 - Disclosure of Interests in Other Entities (Original - March 2017)

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

1.9 INVESTMENT PROPERTY

1.9.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.9 INVESTMENT PROPERTY (CONTINUED)

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.9.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.9.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	100
Land	Indefinite

1.9.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.9 INVESTMENT PROPERTY (CONTINUED)

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.9.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.10.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.10.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
Infrastructure		Land and Buildings	
Roads and Storm water	8 - 99	Buildings and	
Electricity Network	10 - 100	Improvements	10 - 120
Sewerage Network	13 - 89	Land	Indefinite
Water Network	10 - 102		
Refuse Removal	10 - 64	Other Assets	
		Computer Hardware	5 - 20
Community		Furniture and	
Cemeteries	100	Office Equipment	8 - 30
Clinics	100	Vehicles	8 - 50
Community Halls	5 - 100	Special Vehicles	15 - 50
Libraries	10 - 120	Tools and Equipment	8 - 33
Parks & Gardens	20 - 100	Other	10 - 50
Recreation Grounds	50 - 100		
Sports facilities	10 - 100	Capitalised Restoration	
		Cost	
Finance lease assets		Landfill Sites	9 - 68
Office Machines	3 - 15		

1.10.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.11 INTANGIBLE ASSETS

1.11.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.11.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

1.11.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.11 INTANGIBLE ASSETS

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in the Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	5 - 10

1.11.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.12 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

1.12.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.12.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.12.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.12 IMPAIRMENT OF NON-MONETARY ASSETS

1.12.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 INVENTORIES

1.13.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.13 INVENTORIES

1.13.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.14 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

1.14.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.14 EMPLOYEE BENEFITS (CONTINUED)

1.14.1.1 Multi-employer defined benefit plans

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.14.1.2 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long-term Benefits

1.14.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.14 EMPLOYEE BENEFITS (CONTINUED)

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Short-term Benefits

1.14.3.1 *Provision for Staff Leave*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.14.3.2 *Staff Bonuses Accrued*

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.14.3.3 *Provision for Performance Bonuses*

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.15 PROVISIONS (CONTINUED)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.16 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.16.1 Municipality as Lessee

1.16.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.16 LEASES (CONTINUED)

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.16.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.16.2 Municipality as Lessor

1.16.2.1 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.17 FINANCIAL INSTRUMENTS

1.17.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.17 FINANCIAL INSTRUMENTS (CONTINUED)

1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.17.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.17.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.17 FINANCIAL INSTRUMENTS (CONTINUED)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.17.3.2 Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.17.4 Derecognition of financial instruments

1.17.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.17.4.2 Financial liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.17.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.18 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.18.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.18.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.18.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.18.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.18 STATUTORY RECEIVABLES (CONTINUED)

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.19 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.20 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.21 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

1.22 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.23 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.24 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.25 RESERVES

1.25.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.26.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.26.1.2 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.26.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.26 REVENUE (CONTINUED)

1.26.1.4 Insurance Receipts

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.26.1.5 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

1.26.1.6 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.26.1.7 Services in-kind

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.26.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.26 REVENUE (CONTINUED)

1.26.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.26.2.1 *Service Charges*

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.26.2.2 *Investment income*

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.26.2.3 *Rental income*

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.26 REVENUE (CONTINUED)

1.26.2.4 *Income from Agency Services*

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.26.2.5 *Other Tariffs*

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.26.2.6 *Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.26.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.27 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.28 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.33 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.34 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.35 RELATED PARTIES

The Municipality regards a related party as a person or an entity with the ability to control the Municipality either individually or jointly, or the ability to exercise significant influence over the Municipality, or vice versa.

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.36.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.36.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.36.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.36.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.36.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.36.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

1.36.7 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.36.8 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
2 CASH AND CASH EQUIVALENTS		
Primary Bank Account	32 751 461	24 345 119
Call and Notice Deposits	15 000 000	-
Cash Floats	16 850	16 350
Total	47 768 311	24 361 469

Due to the short term nature of cash deposits, all balances included above is in line with their fair value

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	400 460	1 370 000
Unspent Public Contributions	66 519	37 262
Unspent Annuity Loans	10 516 380	-
Capital Replacement Reserve	30 000 000	20 000 000
VAT Payable	-	172 130
Working Capital Requirements	6 784 951	2 782 077
Total	47 768 311	24 361 469

Primary Bank Account

Bredasdorp ABSA - Account number 40 5883 2586

Bank Statement Balance - Opening Balance	23 978 447	12 696 269
Bank Statement Balance - Closing Balance	28 787 116	23 978 447
Cashbook Balance - Opening Balance	24 345 119	14 369 648
Cashbook Balance - Closing Balance	32 751 461	24 345 119

Other Bank Accounts

Bredasdorp ABSA - Account number 40 6412 1626

The municipality utilises this account for traffic fine deposits. The account is cleared to the Primary Account on a monthly basis. There are no cash book balance nor bank account balance on 30 June 2017 and 30 June 2018.

Guarantees relating to the following entities are held at ABSA:

The Post Office	50 000	50 000
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Call and Notice Deposits

Call and Notice Deposits consist out of the following

Nedbank - Acc No 1470013142	10 000 000	-
Standard Bank - Acc No 83379975	5 000 000	-
Total	15 000 000	-

Interest between 7.225 % and 7.250 % were attracted by these short term deposits.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2018

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
Service Receivables	39 050 361	16 590 097	22 460 264
Electricity	14 574 572	2 602 207	11 972 365
Water	6 734 648	3 422 783	3 311 864
Refuse	4 754 229	2 818 023	1 936 207
Sewerage	3 333 953	2 058 188	1 275 765
Other Services	9 652 959	5 688 896	3 964 063
Other Receivables	3 596 003	-	3 596 003
Asset Sales	1 538 626	-	1 538 626
Accrued Interest	26 784	-	26 784
Payments in Advance	1 179 159	-	1 179 159
Other Arrears	851 434	-	851 434
Total	42 646 364	16 590 097	26 056 267

30 JUNE 2017

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
Service Receivables	28 488 655	10 136 231	18 352 424
Electricity	12 157 014	1 600 964	10 556 050
Water	5 620 494	2 973 301	2 647 193
Refuse	3 102 644	1 836 534	1 266 111
Sewerage	2 238 684	1 405 486	833 198
Other Services	5 369 819	2 319 946	3 049 872
Other Receivables	3 793 174	-	3 793 174
Asset Sales	2 036 336	-	2 036 336
Payments in Advance	1 053 911	-	1 053 911
Other Arrears	702 927	-	702 927
Total	32 281 829	10 136 231	22 145 598

Included in the outstanding balances are consumer debtors to the value of R 1 349 702 (2017 - R 1 401 881), who have made arrangements to repay their outstanding debt over a re-negotiated period.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2018 R	2017 R
Ageing of service receivables:		
Electricity Ageing		
Current (0 - 30 days)	10 415 740	9 455 987
Past Due (31 - 60 Days)	1 203 780	910 150
Past Due (61 - 90 Days)	559 060	338 072
Past Due (90 Days +)	2 395 993	1 452 804
Total	14 574 572	12 157 014
Water Ageing		
Current (0 - 30 days)	2 506 247	2 232 585
Past Due (31 - 60 Days)	699 418	446 317
Past Due (61 - 90 Days)	483 147	255 692
Past Due (90 Days +)	3 045 835	2 685 899
Total	6 734 648	5 620 494
Refuse Ageing		
Current (0 - 30 days)	1 216 331	1 002 822
Past Due (31 - 60 Days)	558 587	271 264
Past Due (61 - 90 Days)	358 998	149 713
Past Due (90 Days +)	2 620 314	1 678 846
Total	4 754 229	3 102 644
Sewerage Ageing		
Current (0 - 30 days)	778 741	642 586
Past Due (31 - 60 Days)	398 074	206 216
Past Due (61 - 90 Days)	259 180	110 101
Past Due (90 Days +)	1 897 957	1 279 781
Total	3 333 953	2 238 684
Other Services Ageing		
Current (0 - 30 days)	2 140 994	2 417 332
Past Due (31 - 60 Days)	1 206 920	399 372
Past Due (61 - 90 Days)	786 023	622 101
Past Due (90 Days +)	5 519 022	1 931 014
Total	9 652 959	5 369 819

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	2018 R	2017 R
Total Service Receivables Ageing		
Current (0 - 30 days)	17 058 053	15 751 312
Past Due (31 - 60 Days)	4 066 780	2 233 319
Past Due (61 - 90 Days)	2 446 408	1 475 679
Past Due (90 Days +)	15 479 120	9 028 345
Total	39 050 361	28 488 655

Ageing per Customer Classification - 30 June 2018

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	12 898 541	3 957 979	201 534
Past Due (31 - 60 Days)	3 581 596	392 347	92 837
Past Due (61 - 90 Days)	2 251 778	136 244	58 386
Past Due (90 Days +)	14 621 534	487 619	369 967
Sub-Total	33 353 449	4 974 188	722 724
Less Allowance for Impairment	(15 701 883)	(545 782)	(342 432)
Total	17 651 566	4 428 406	380 292

Ageing per Customer Classification - 30 June 2017

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	10 477 793	5 226 563	46 956
Past Due (31 - 60 Days)	1 937 151	287 008	9 160
Past Due (61 - 90 Days)	966 563	503 951	5 165
Past Due (90 Days +)	8 520 122	422 591	85 632
Sub-Total	21 901 629	6 440 112	146 914
Less Allowance for Impairment	(9 599 899)	(455 831)	(80 501)
Total	12 301 730	5 984 282	66 412

Included in Consumers are indigent balances amounting to R 2 137 269 (2017 - R 2 605 445). These balances were fully impaired.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	2018 R	2017 R
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	10 136 231	9 141 100
Contribution to the provision	7 978 306	4 913 913
Electricity	1 070 479	790 501
Water	837 573	1 401 970
Refuse	1 121 662	964 693
Sewerage	771 835	673 063
Other Services	4 176 757	1 083 686
Bad Debts Written off	(1 524 440)	(3 918 782)
Electricity	(69 236)	(447 961)
Water	(388 090)	(1 126 011)
Refuse	(140 173)	(509 203)
Sewerage	(119 134)	(403 432)
Other Services	(807 808)	(1 432 174)
Balance at the end of the year	16 590 097	10 136 231

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2018

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	10 168 421	6 557 891	3 610 529
Rates	10 168 421	6 557 891	3 610 529
Other Receivables	14 699 800	11 952 501	2 747 299
Unpaid Fines	14 683 500	11 952 501	2 730 999
Sundry Deposits	16 300	-	16 300
Total	24 868 221	18 510 393	6 357 828

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED) 30 JUNE 2017

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	7 972 196	4 296 719	3 675 477
Rates	7 972 196	4 296 719	3 675 477
Other Receivables	17 100 613	6 356 529	10 744 084
Unpaid Fines	8 091 200	6 356 529	1 734 671
Government Grants	420 934	-	420 934
Department of Housing	8 572 180	-	8 572 180
Sundry Deposits	16 300	-	16 300
Total	25 072 809	10 653 248	14 419 561
Balance Previously Reported	24 595 309	10 283 224	14 312 085
Prior Period Adjustment - Refer to note 44.01	477 500	370 024	107 476
Restated on 30 June 2017	25 072 809	10 653 248	14 419 561

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2018 R	2017 R
Ageing of service receivables:		
Rates Ageing		
Current (0 - 30 days)	2 741 245	2 343 440
Past Due (31 - 60 Days)	617 851	419 614
Past Due (61 - 90 Days)	310 316	208 489
Past Due (90 Days +)	6 499 009	5 000 653
Total	10 168 421	7 972 196

Ageing per Customer Classification - 30 June 2018

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	2 636 998	104 119	128
Past Due (31 - 60 Days)	598 295	19 428	128
Past Due (61 - 90 Days)	290 378	15 558	4 379
Past Due (90 Days +)	5 509 155	121 079	868 775
Sub-Total	9 034 827	260 185	873 409
Less Allowance for Impairment	(5 576 938)	(112 133)	(868 821)
Total	3 457 889	148 051	4 589

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Ageing per Customer Classification - 30 June 2017

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	2 270 176	72 747	518
Past Due (31 - 60 Days)	400 978	18 636	-
Past Due (61 - 90 Days)	193 667	13 092	1 730
Past Due (90 Days +)	4 007 587	197 162	795 903
Sub-Total	6 872 408	301 637	798 151
Less Allowance for Impairment	(3 312 033)	(188 693)	(795 993)
Total	3 560 375	112 944	2 158

Included in Consumers are indigent balances amounting to R 228 515 (2017 - R 349 900). These balances were fully impaired.

Department of Housing

The municipality performs certain activities on behalf of the department of housing in order to execute their housing mandate. These activities, which mainly relates to the channelling of funds from the department to the housing contractors through the municipality's bank account, are performed on an agency-principle basis. The following funds were channelled through the municipality during the period under review:

Opening Balance	(8 572 180)	-
Funds received	39 626 313	3 540 036
Expenditure incurred	(30 867 669)	(12 112 216)
Transfer to payables (unspent funds)	(186 464)	-
Balance to be recovered	-	(8 572 180)

Reconciliation of Allowance for impairment

Balance at the beginning of the year	10 653 248	9 571 463
Contribution to the provision	10 704 453	6 262 086
Rates	2 336 481	1 009 233
Fines	8 367 972	5 252 853
Bad Debts Written off	(2 847 308)	(5 180 301)
Rates	(75 308)	(395 970)
Fines	(2 772 000)	(4 784 331)
Balance at the end of the year	18 510 393	10 653 248

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)		
<p>The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.</p>		
5 OPERATING LEASES		
5.1 OPERATING LEASE ASSETS		
Operating Lease Asset	217 306	140 757
<p>The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.</p>		
Reconciliation of Operating Lease Asset:		
Balance at the beginning of the year	140 757	108 964
Movement during the year	76 549	31 793
Balance at the end of the year	217 306	140 757
<p>The municipality will receive the following lease payments from contracts that have defined lease payments and terms.</p>		
Within 1 Year	536 582	421 587
Between 1 and 5 Years	1 462 049	1 133 428
After 5 Years	714 861	741 694
	2 713 492	2 296 710
<p>The lease payments are in respect of properties being lease out over a period ranging up to 2028.</p>		
5.2 OPERATING LEASE LIABILITIES		
Operating Lease Liability	14 325	11 812
<p>The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.</p>		

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
5 OPERATING LEASES (CONTINUED)		
Reconciliation of Operating Lease Liability:		
Balance at the beginning of the year	11 812	26 410
Movement during the year	2 513	(14 598)
Balance at the end of the year	14 325	11 812

The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

Within 1 Year	440 372	173 344
Between 1 and 5 Years	631 009	-
	1 071 381	173 344

The operating lease liability relates to the following lease arrangements:

The lease balance relates to the Tourism Office and "Old Nedbank Gebou" with lease terms ranging up to 31 December 2020.

6 LONG-TERM RECEIVABLES

Individual Housing Loans	218 867	227 152
Sub-Total	218 867	227 152
Less: Current portion of Long-term Receivables	7 248	31 117
Individual Housing Loans	7 248	31 117
Total	211 619	196 035

Individual Housing Loans

The loans was granted to facilitate housing schemes in the municipal area.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
7 INVENTORY		
Consumables	1 267 855	1 290 023
Water	39 742	36 444
Total	1 307 597	1 326 467

Inventory are disclosed at the lower of cost or net realisable value.

No inventory were pledged as security for liabilities.

No Inventory losses or surpluses were identified during the annual stores counts.

Inventory recognised as an expense during the year.	2 715 994	2 692 870
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8 INVESTMENT PROPERTY

Investment Property - Carrying Value	40 553 199	40 870 029
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The movement in investment properties is reconciled as follows:

Opening Carrying Value	40 870 029	40 886 559
Cost	40 998 133	41 006 133
Accumulated Depreciation	(128 104)	(119 574)
Additions	26 700	-
Depreciation for the year	(8 530)	(8 530)
Disposals	(335 000)	(8 000)
Closing Carrying Value	40 553 199	40 870 029
Cost	40 663 133	40 998 133
Accumulated Depreciation	(136 634)	(128 104)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

9 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2018

	Land and Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
Opening Carrying Value	74 007 389	203 725 979	23 921 401	743 078	20 852 400	323 250 246
Cost	84 654 496	263 507 194	26 734 126	1 192 011	35 031 649	411 119 477
Accumulated Depreciation	(10 647 108)	(59 781 215)	(2 812 725)	(448 933)	(14 179 249)	(87 869 231)
Additions	117 912	23 449 950	1 919 223	-	4 586 165	30 073 250
Depreciation for the year	(285 540)	(7 350 625)	(389 181)	(193 654)	(2 367 717)	(10 586 716)
Disposals	-	(40 433)	-	(6 826)	(491 802)	(539 061)
Cost	-	(79 191)	-	(14 200)	(1 044 481)	(1 137 872)
Accumulated Depreciation	-	38 758	-	7 374	552 679	598 811
Closing Carrying Value	73 839 761	219 784 870	25 451 442	542 599	22 579 047	342 197 719
Cost	84 772 409	286 877 952	28 653 349	1 177 811	38 573 333	440 054 855
Accumulated Depreciation	(10 932 648)	(67 093 082)	(3 201 907)	(635 213)	(15 994 287)	(97 857 136)
Work In Progress	-	9 433 941	399 898	-	-	9 833 838

Work In Progress is included in carrying value of property plant and equipment.
No Depreciation charge is recognised against these amounts.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2017

	Land and Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
Opening Carrying Value	73 635 653	195 148 213	21 411 846	936 738	20 478 395	311 610 845
Cost	84 035 635	248 460 104	23 909 346	1 192 011	32 849 854	390 446 951
Accumulated Depreciation	(10 399 983)	(53 311 890)	(2 497 500)	(255 273)	(12 371 459)	(78 836 106)
Additions	723 861	15 567 444	2 824 780	-	2 774 907	21 890 992
Depreciation for the year	(270 011)	(6 662 120)	(315 226)	(193 660)	(2 121 783)	(9 562 799)
Disposals	(82 114)	(327 559)	-	-	(279 119)	(688 792)
Cost	(105 000)	(520 354)	-	-	(593 112)	(1 218 466)
Accumulated Depreciation	22 886	192 795	-	-	313 993	529 674
Closing Carrying Value	74 007 389	203 725 979	23 921 401	743 078	20 852 400	323 250 246
Cost	84 654 496	263 507 194	26 734 126	1 192 011	35 031 649	411 119 477
Accumulated Depreciation	(10 647 108)	(59 781 215)	(2 812 725)	(448 933)	(14 179 249)	(87 869 231)
Work In Progress	-	8 460 181	140 400	-	-	8 600 581
Balance Previously Reported	74 007 389	204 801 360	23 260 313	743 078	20 852 400	323 664 539
Prior Period Adjustment - Refer to note 44.02	-	(1 075 381)	661 088	-	-	(414 293)
Restated Balance on 30 June 2017	74 007 389	203 725 979	23 921 401	743 078	20 852 400	323 250 246

Work In Progress is included in carrying value of property plant and equipment.
No Depreciation charge is recognised against these amounts.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

10

INTANGIBLE ASSETS

	2018 R	2017 R
Intangible Assets - Carrying Value	4 865 323	3 572 415
The movement in intangible assets is reconciled as follows:		
Opening Carrying Value	3 572 415	890 502
Cost	4 490 727	1 542 652
Accumulated Amortisation	(918 312)	(652 150)
Additions	1 602 825	3 000 995
Disposals	-	-
Cost	-	(52 920)
Accumulated Depreciation	-	52 920
Amortisation for the year	(309 916)	(319 083)
Closing Carrying Value	4 865 323	3 572 415
Cost	6 093 551	4 490 727
Accumulated Amortisation	(1 228 228)	(918 312)
Work in Progress	3 912 434	2 019 167

Work In Progress is included in carrying value of intangible assets. No Amortisation charge is recognised against these amounts.

The work in progress balance only relates to the Phoenix (Vesta) Financial System in process of being implemented at the municipality at year-end. This implementation is required to ensure compliance with new mSCOA regulations that came into effect on 1 July 2017. Managements expects that full implementation will be completed on 30 November 2018, being that date that the asset is considered ready for use in line with management's expectation.

Intangible Assets consist only out of software

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

10 INTANGIBLE ASSETS (CONTINUED)

The only contractual commitments for the acquisition of intangible assets is the additional cost for the procurement of comprehensive asset register whereby not all the functionality be covered in terms of the National Treasury Transversal RT25 tender with the procurement of the new Vesta - Phoenix financial system.

11 CAPITALISED RESTORATION COST (PPE)

Capitalised Restoration Cost - Carrying Value

2018
R

2017
R

45 656 076

47 588 121

The movement in capitalised restoration cost is reconciled as follows:

Opening Carrying Value

47 588 121

48 676 251

Cost

54 321 828

54 280 815

Accumulated Depreciation

(3 546 075)

(2 416 932)

Accumulated Impairments

(3 187 632)

(3 187 632)

Additions

329 955

48 734

Disposals

(955 691)

(7 720)

Depreciation for the year

(1 129 958)

(1 129 143)

Impairments for the year

(176 350)

-

Closing Carrying Value

45 656 076

47 588 121

Cost

53 696 092

54 321 828

Accumulated Depreciation

(4 676 033)

(3 546 075)

Accumulated Impairments

(3 363 982)

(3 187 632)

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Cape Agulhas Municipality.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

11 CAPITALISED RESTORATION COST (PPE) (CONTINUED)

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 20 for more detail relating to this asset financed by way of a provision

12 LONG-TERM LIABILITIES

	2018 R	2017 R
Annuity Loans	19 258 961	2 351 106
Finance Lease Liabilities	-	345 138
Sub-Total	19 258 961	2 696 243
Less: Current portion of Long-term Liabilities	3 506 160	684 389
Annuity Loans	3 506 160	339 251
Finance Lease Liabilities	-	345 138
Total	15 752 801	2 011 854

Long Term Liabilities were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.

The municipality opted to finance assets from external funding during the current and previous financial year. Detail are as follows:

Opening Balance - Outstanding Financing	2 400 000	-
Assets purchased	4 483 620	2 620 035
Annuity Loans Raised	(17 400 000)	(220 035)
Closing Balance - Outstanding Financing/(Unspent Loans)	(10 516 380)	2 400 000

The unspent loans relates to Annuity Loans raised at Nedbank during June 2018. The unspent fund will be utilised on capital projects included in the approved budget of the municipality after year-end. The total outstanding financing on 30 June 2017 relates to an ABSA loan only received by the municipality during July 2017.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

		2018 R	2017 R
12	LONG-TERM LIABILITIES (CONTINUED)		
	Annuity Loans		
	Amalgamated Banks of South Africa (ABSA)	4 258 961	2 351 106
	Interest is calculated between 9.84% and 10.60% (2017 - 10.60%) interest rate. Loan period ranges from 5 to 10 year and loans will be redeemed between 30 June 2021 and 30 June 2027 . Annuity loans consist out of 6 (2017 - 5) loan agreements		
	Nedbank	15 000 000	-
	Interest is calculated between 9.20% and 10.35% interest rate. Loan period ranges from 3 to 10 year and loans will be redeemed between 30 June 2021 and 30 June 2028 . Annuity loans consist out of 3 loan agreements		
		19 258 961	2 351 106
	Further detail relating to Annuity Loans is included in Appendix A.		
	Annuity loans are payable as follows:		
	Payable within one year	5 355 811	580 658
	Payable within two to five years	14 645 747	1 942 362
	Payable after five years	6 640 236	801 557
	Total amount payable	26 641 793	3 324 576
	Less: Outstanding Future Finance Charges	(7 382 832)	(973 471)
	Present value of annuity loans	19 258 961	2 351 106

The prior year disclosure were adjusted to correct an allocation error between the "Payable within two to five years" and "Payable after five years" bracket amounting to R 200 389.

Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Nr	Institution	Interest Rate	Redemption Date
1	Nashua (1 Copier - 36 Months) Nashua (31 Copiers (2015 - 28 Copiers) - 36 Months)	9.00%	2017/02/28
2		9.37%	2018/05/31

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

12 LONG-TERM LIABILITIES (CONTINUED)

All lease agreements have no escalation clause over the respective periods. After the lease agreement expires, lease payments will continue on a month to month basis until the contract is renewed or cancelled. Equipment will be returned to the supplier at the end of the lease term when the contract is cancelled.

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset		Carrying Value of Liability	
	2018 R	2017 R	2018 R	2017 R
1	95 010	111 772	-	-
2	447 588	631 306	-	345 138
	542 599	743 078	-	345 138

Although the lease term of both finance lease agreements have reached its end, the assets associated with these agreements are still being leased by the municipality on a month to month basis. The municipality controls the benefit associated with the assets until the month-to-month contract is cancelled and the equipment is returned to the supplier, at which point the carrying value of the asset will be derecognised.

Finance Lease Liabilities are payable as follows:

	2018 R	2017 R
Payable within one year	-	361 515
Payable within two to five years	-	-
Total amount payable	-	361 515
Less: Outstanding Future Finance Charges	-	(16 377)
Present value of finance lease liabilities	-	345 138

13 CONSUMER DEPOSITS

Electricity	2 780 651	2 669 476
Water	1 726 799	1 621 273
Total	4 507 450	4 290 749
Guarantees held in lieu of Electricity and Water Deposits	172 000	172 000

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
14 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	19 248 793	28 016 447
Balance Previously Reported		27 355 359
Prior Period Adjustment - Refer to note 44.03		661 088
Retentions	1 824 486	1 219 478
Pre-Paid Electricity	279 669	250 011
Debtors with credit balances	1 793 782	1 367 313
Department of Housing	186 463	-
Sundry Creditors	650 807	709 996
Sundry Deposits	687 978	577 703
Total	24 671 978	32 140 948

Payables are being recognised net of any discounts received

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Payables are not secured.

Sundry deposits include Hall, Builders and Housing Deposits.

Refer to note 4 for more detail relating to the arrangement between the municipality and the department of Housing.

15 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	-	-
Balance Previously Reported		147 990
Prior Period Adjustments - Refer to note 44.04		(147 990)
Provincial Government	400 460	1 370 000
Balance Previously Reported		1 422 010
Prior Period Adjustments - Refer to note 44.04		(52 010)
Total	400 460	1 370 000

Detail reconciliations of all grants received and grant conditions met are included in note 23. Unspent grant balances are recognised to the extent that conditions are not yet met.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
15 UNSPENT CONDITIONAL GOVERNMENT GRANTS (CONTINUED)		
No grants were withheld in the current year.		
Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.		
16 UNSPENT PUBLIC CONTRIBUTIONS		
Mayoral Golf Day	60 519	37 262
Youth Worker	6 000	-
Total	66 519	37 262
Detail reconciliations of all public contributions received are included in note 24. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.		
Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.		
17 TAXES		
VAT Output in Suspense	2 384 587	2 289 738
VAT Input in Suspense	(1 684 927)	(2 420 134)
VAT Payable to/(Refundable from) SARS	(20 568)	172 130
Total	679 092	41 734
VAT is accounted for on the payment basis.		
No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies		
18 CURRENT EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	1 255 537	1 167 381
Long Service Awards	732 198	567 910
Performance Bonuses	312 148	664 712
Bonuses	3 269 814	2 816 631
Staff Leave	5 918 199	5 566 530
Total	11 487 896	10 783 164

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
18 CURRENT EMPLOYEE BENEFITS (CONTINUED)		
The movement in current employee benefits are reconciled as follows:		
<u>Performance Bonuses</u>		
Opening Balance	664 712	688 810
Contribution/(Reduction) during the year	(91 995)	602 988
Payments made	(260 568)	(627 086)
Opening Balance	312 148	664 712

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

Bonuses

Opening Balance	2 816 631	2 478 310
Contribution during the year	5 949 611	5 017 071
Payments made	(5 496 429)	(4 678 750)
Opening Balance	3 269 814	2 816 631

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

Staff Leave

Opening Balance	5 566 530	5 225 450
Contribution during the year	1 431 456	1 302 914
Payments made	(1 079 787)	(961 834)
Opening Balance	5 918 199	5 566 530

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or in the event of encashment. There is no possibility of reimbursement.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
19 EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	46 530 680	45 375 173
Long Service Awards	8 247 072	7 302 571
Sub-Total	54 777 752	52 677 744
Less: Current portion of Employee Benefits	1 987 735	1 735 291
Post Retirement Medical Benefits	1 255 537	1 167 381
Long Service Awards	732 198	567 910
Total	52 790 017	50 942 453

19.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	45 375 173	44 244 031
Contribution during the year	6 758 077	6 699 008
Current Service Cost	2 512 615	2 402 556
Interest Cost	4 245 462	4 296 452
Payments made	(933 563)	(938 637)
Actuarial (Gain)/Loss	(4 669 007)	(4 629 229)
Total balance at year-end	46 530 680	45 375 173
Less Current Portion	1 255 537	1 167 381
Total	45 275 143	44 207 792

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2018	2017
In-service members	126	114
In-service non-members	216	234
Continuation members	25	25
Total	367	373

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

19 EMPLOYEE BENEFITS (CONTINUED)

The liability in respect of past service has been estimated to be as follows:

	2018 R	2017 R
In-service members	31 032 859	29 634 993
Continuation members	15 497 821	15 740 180
Total Unfunded Liability	46 530 680	45 375 173

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2016 R	2015 R	2014 R
In-service members	29 245 620	24 900 937	20 294 416
Continuation members	14 998 411	13 245 882	12 342 532
Total Unfunded Liability	44 244 031	38 146 819	32 636 948

Experience adjustments were calculated as follows:

	2018 R m	2017 R m
Liabilities: (Gain)/Loss	0.391	(0.130)
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2016 R m	2015 R m	2014 R m
Liabilities: (Gain)/Loss	2.923	1.761	(0.085)
Assets: Gain/(Loss)	-	-	-

The municipality contributes to the following medical schemes on a monthly basis:

Bonitas
LA Health
Hosmed
Samwumed
Keyhealth

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

19 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

	2018	2017
Interest Rates		
Discount rate	9.88%	9.48%
Health Care Cost Inflation Rate	7.73%	7.89%
Net Effective Discount Rate	2.00%	1.47%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

Normal Retirement Age

It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and ill-health retirement.

Last Valuation

The last valuation was performed on 19 June 2018.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

Assumption	In-service members R m	Continuation members R m	Total liability R m	% change
Liability	31.033	15.498	46.531	
Health care inflation				
+ 1%	38.517	16.970	55.487	19%
- 1%	25.173	14.211	39.384	-15%
Discount rate				
+ 1%	25.321	14.245	39.566	-15%
- 1%	38.428	16.953	55.381	19%
Post-retirement mortality				
- 1 year	32.085	16.076	48.160	4%
Average retirement age				
- 1 year	33.976	15.498	49.474	6%
Continuation of membership at retirement				
- 10%	27.546	15.498	43.044	-7%

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

19 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost R m	Interest Cost R m	Total Cost R m	% change
Future Cost	2.510	4.539	7.049	
Health care inflation				
+ 1%	3.162	5.424	8.586	22%
- 1%	2.006	3.833	5.838	-17%
Discount rate				
+ 1%	2.037	4.240	6.277	-11%
- 1%	3.126	4.866	7.991	13%
Post-retirement mortality				
- 1 year	2.595	4.700	7.294	3%
Average retirement age				
- 1 year	2.737	4.830	7.566	7%
Continuation of membership at retirement				
- 10%	2.234	4.194	6.428	-9%

19.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	7 302 571	6 995 996
Contribution during the year	1 155 759	1 174 311
Current Service Cost	568 721	561 403
Interest Cost	587 038	612 908
Payments made	(513 630)	(307 457)
Actuarial (Gain)/Loss	302 372	(560 279)
Total balance at year-end	8 247 072	7 302 571
Less Current Portion	732 198	567 910
Total	7 514 874	6 734 661

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

19 EMPLOYEE BENEFITS (CONTINUED)

The following members are eligible for long service bonuses:

	2018	2017
In-service members	336	348

The liability in respect of past service has been estimated to be as follows:

	2018 R	2017 R
In-service members	8 247 072	7 302 571
Total Unfunded Liability	8 247 072	7 302 571

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2016 R	2015 R	2014 R
In-service members	6 995 996	5 819 691	5 013 580
Total Unfunded Liability	6 995 996	5 819 691	5 013 580

Experience adjustments were calculated as follows:

	2018 R	2017 R
Liabilities: (Gain)/Loss	510 705	244 031
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2016 R	2015 R	2014 R
Liabilities: (Gain)/Loss	892 912	335 973	624 617
Assets: Gain/(Loss)	-	-	-

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

19 EMPLOYEE BENEFITS (CONTINUED)

2018

2017

Key Actuarial Assumptions used are as follows:

Interest Rates

Discount rate	8.87%	8.36%
General Salary Inflation (long-term)	6.55%	6.27%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.18%	1.96%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

Last Valuation

The last valuation was performed on 19 June 2018.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

Assumption	Total liability R m	% change
Liability	8.247	
General salary inflation		
+ 1%	8.861	7%
- 1%	7.697	-7%
Discount rate		
+ 1%	7.678	-7%
- 1%	8.894	8%
Average retirement age		
- 2 years	7.146	-13%
+ 2 years	9.056	10%
Withdrawal rates		
- 50 %	9.610	17%

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

19 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service	Interest Cost	Total Cost	% change
	Cost R			
Future Cost	600 400	699 600	1 300 000	
General salary inflation				
+ 1%	654 700	754 000	1 408 700	8%
- 1%	552 600	650 800	1 203 400	-7%
Discount rate				
+ 1%	556 400	722 400	1 278 800	-2%
- 1%	651 100	671 500	1 322 600	2%
Average retirement age				
- 2 years	530 900	601 900	1 132 800	-13%
+ 2 years	660 900	771 300	1 432 200	10%
Withdrawal rates				
- 50 %	759 600	820 500	1 580 100	22%

19.3 Other Pension Benefits

Defined Benefit Plans	2018 R	2017 R
Council contributes to the following defined benefit plans:		
LA Retirement Fund (former Cape Joint Pension Fund)	-	469 727
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 102.6% (30 June 2016 - 103.5%).		
Consolidated Retirement Fund (former Cape Retirement Fund)	11 058 073	10 104 612
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 118.0%.		
Total	11 058 073	10 574 339

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

19

EMPLOYEE BENEFITS (CONTINUED)

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund and Cape Joint Pension Fund are Multi Employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

Defined Contribution Plans

Council contributes to the following defined contribution plans:

	2018 R	2017 R
Municipal Councillors Pension Fund	164 866	181 446
SAMWU National Provident Fund	1 091 828	1 066 301
Total	1 256 694	1 247 747

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

20

NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites

2018
R

2017
R

69 781 716

66 297 464

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance

66 297 464

62 220 661

Contribution during the year

3 484 252

4 076 803

Increase/(Decrease) in estimate

(625 736)

32 460

Interest Cost

4 109 989

4 044 343

Total balance at year-end

69 781 716

66 297 464

Less Current Portion

-

-

Total

69 781 716

66 297 464

The total obligation at year-end can be attributed to the following sites:

Site	Expected Closure Date		
Bredasdorp	2066	28 262 023	27 413 815
Napier	2055	17 885 243	16 834 881
Waenhuiskrans	2055	3 564 628	3 454 879
Struisbaai	2055	15 538 262	14 492 910
L'Agulhas	Closed	4 531 560	4 100 978
Total		69 781 716	66 297 464

There are no current portion associated with this liability, as there are no intention to rehabilitate any sites within 12 months of reporting date.

Discount rates specific to the nature of the provision is utilised to calculate the effect of time value of money. The discount rate is benchmarked against the Earthworks Index as published by Statssa. The discount rate used was stated at 6.20% (2017 – 6.50%).

Environmental Specialists were utilised to determine the cost of rehabilitation of landfill sites.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

20 NON-CURRENT PROVISIONS

The estimated area per site to be rehabilitated at year end were as follows (Rehabilitation area - m²):

	2018	2017
Bredasdorp	77 370	77 370
Napier	40 810	40 810
Waenhuiskrans	4 500	4 500
Struisbaai	33 952	33 952
L'Agulhas	5 603	5 603

The cost of rehabilitation per square meter is based on the current cost of construction at each reporting period. The cost per square meter were estimated as follows (R/m²):

Bredasdorp	365	354
Napier	438	413
Waenhuiskrans	792	768
Struisbaai	458	427
L'Agulhas	809	732

2018

2017

R

R

21 RESERVES

Accumulated Surplus	301 540 079	289 289 987
Capital Replacement Reserve	30 000 000	20 000 000
Total	331 540 079	309 289 987

22 PROPERTY RATES

Total Property Rates	61 482 441	55 201 074
Less: Rebates	(750 830)	(399 312)
Total	60 731 610	54 801 761

Property rate levied are based on the following rateable valuations:

Residential	6 553 907 300	6 873 609 700
Business & Commercial	656 002 000	585 616 000
Public benefit Organizations	56 040 000	93 459 000
Public Service Purpose	500 900 000	-
Public Service Infrastructure	673 008 500	-
State-owned	8 778 000	273 125 000
Agricultural	3 011 388 000	2 451 538 000
Municipal Property	237 156 550	-
Public Open Spaces	1 555 100	-
Other	160 068 000	529 454 200
Total Valuation	11 858 803 450	10 806 801 900

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
22 PROPERTY RATES (CONTINUED)		
<p>Historically, valuations on land and buildings were performed every four years. The next general valuation will be implemented on 1 July 2022 after which the valuations will be performed every 5 years.</p> <p>The last valuation came into effect on 1 July 2017. This resulted in new rating categories and tariffs being implemented in line with the Property Rates Act.</p> <p>The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.</p> <p>The following rates are applicable to the valuations above:</p>		
Residential Developed	0.006737 c / R	0.006541 c / R
Residential Vacant	0.006737 c / R	0.006541 c / R
Business and Commercial	0.007167 c / R	0.006826 c / R
Industrial	0.007167 c / R	0.006826 c / R
Public Benefit Organisations	0.006444 c / R	0.001636 c / R
State Owned	0.007167 c / R	0.006826 c / R
Agricultural - Bona fide	0.001685 c / R	0.001636 c / R
Public Service Purpose	0.006444 c / R	N/A
Public Service Infrastructure	0.001685 c / R	N/A
Multi Purpose - Agricultural	0.001685 c / R	N/A
Multi Purpose - Residential	0.006737 c / R	N/A
Multi Purpose - Business and Commercial	0.006541 c / R	N/A
Agricultural - Residential	N/A	0.006541 c / R
Agricultural - Business and Commercial	N/A	0.006826 c / R
Agricultural - Other	N/A	0.006541 c / R
Other	N/A	0.006541 c / R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 31 October. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

23

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government

Equitable Share

Conditional Grants - National Government

Financial Management Grant (FMG)

Municipal Infrastructure Grant (MIG)

Skills Development Fund and SETA Bursaries

National Electrification Programme (INEP)

Expanded Public Works Program (EPWP)

Conditional Grants - Provincial Government

Library Grant

Proclaimed Road Subsidy

Other Provincial Allocations

Total

Disclosed as:

Government Grants and Subsidies - Capital

Government Grants and Subsidies - Operating

Total

Grants per Vote (MFMA Sec 123 (c)):

Equitable share

Engineering Services

Executive and Council

Financial Services & ICT

Management Services

Total

2018
R

2017
R

25 190 060

23 075 000

25 190 060

23 075 000

17 478 448

14 938 787

1 550 000

1 475 000

11 118 000

10 501 000

2 679 448

752 787

1 000 000

1 000 000

1 131 000

1 210 000

7 251 626

6 737 015

5 584 000

5 350 000

72 086

52 025

1 595 540

1 334 990

49 920 134

44 750 802

12 456 582

10 815 689

37 463 553

33 935 113

49 920 134

44 750 802

25 190 060

23 075 000

12 889 732

13 025 025

3 190 728

848 787

2 120 000

1 842 990

6 529 615

5 959 000

49 920 134

44 750 802

The comparative disclosure relating to "Grants per Vote" were reclassified in line with the 2017/2018 vote structure approved by Council.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

		2018 R	2017 R
23	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		

The movements per grant can be summarised as follows:

23.01 Equitable Share

Grants Received	25 190 060	23 075 000
Transferred to Revenue - Operating	(25 190 060)	(23 075 000)
	<hr/>	<hr/>
Closing Unspent Balance	-	-
	<hr/>	<hr/>

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

23.02 Financial Management Grant (FMG)

Grants Received	1 550 000	1 475 000
Transferred to Revenue - Capital	(1 431 749)	(707 855)
Transferred to Revenue - Operating	(118 251)	(767 145)
	<hr/>	<hr/>
Closing Unspent Balance	-	-
	<hr/>	<hr/>

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
23.03 Municipal Infrastructure Grant (MIG)		
Grants Received	11 118 000	10 501 000
Transferred to Revenue - Capital	(9 462 266)	(8 571 914)
Transferred to Revenue - Operating	(1 655 734)	(1 929 086)
Closing Unspent Balance	-	-
The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.		
23.04 Skills Development Fund and SETA Bursaries		
Opening Unspent Balance	-	130 760
Grants Received	3 100 382	201 093
Transferred to Revenue - Operating	(2 679 448)	(752 787)
Transferred to/(from) Receivables	(420 934)	420 934
Closing Unspent Balance	-	-
The Skills Development fund (including SETA allocations) is utilised to cover expenditure relating to training and bursary beneficiaries defined.		
23.05 National Electrification Programme (INEP)		
Grants Received	1 000 000	1 000 000
Transferred to Revenue - Capital	(989 633)	(1 000 000)
Transferred to Revenue - Operating	(10 367)	-
Closing Unspent Balance	-	-
The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.		
23.06 Expanded Public Works Program (EPWP)		
Grants Received	1 131 000	1 210 000
Transferred to Revenue - Operating	(1 131 000)	(1 210 000)
Closing Unspent Balance	-	-
The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
23 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
23.07 Library Grant		
Grants Received	5 584 000	5 350 000
Transferred to Revenue - Capital	(228 133)	(430 061)
Transferred to Revenue - Operating	(5 355 867)	(4 919 939)
Closing Unspent Balance	-	-
The library grants is utilised to fund the cost of providing library services within the municipal area.		
23.08 Proclaimed Road Subsidy		
Grants Received	72 086	52 025
Transferred to Revenue - Operating	(72 086)	(52 025)
Closing Unspent Balance	-	-
The subsidy is utilised to upgrade and maintain the provincial road network in the municipal area.		
23.09 Other Provincial Allocations		
Opening Unspent Balance	1 370 000	147 990
Grants Received	626 000	2 557 000
Transferred to Revenue - Capital	(344 800)	(105 859)
Transferred to Revenue - Operating	(1 250 740)	(1 229 131)
Closing Unspent Balance	400 460	1 370 000
Other Provincial Allocations includes grants such as:		
- Community Development Workers (CDW)		
- Provincial Finance Management Support Grant		
- Provincial Municipal Infrastructure Support Grant		
- Thusong Centre Grant		
- Department of Cultural Affairs and Sport		
23.1 Total Grants		
Opening Unspent Balance	1 370 000	278 750
Grants Received	49 371 528	45 421 118
Transferred to Revenue - Capital	(12 456 582)	(10 815 689)
Transferred to Revenue - Operating	(37 463 553)	(33 935 113)
Transferred to/(from) Receivables	(420 934)	420 934
Closing Unspent Balance	400 460	1 370 000

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
24 PUBLIC CONTRIBUTIONS AND DONATIONS		
Mayoral Golf Day	30 000	30 585
Disaster Contribution (Fire)	16 500	-
Youth Worker	10 000	-
Marine Drive Cables	-	57 358
P & B Limeworks	-	58 787
Keurtjielaan 13	-	53 061
Total	56 500	199 791
Disclosed as:		
Public Contributions and Donations - Capital	-	164 509
Public Contributions and Donations - Operating	56 500	35 282
Total	56 500	199 791

The movements per public contribution can be summarised as follows:

24.01 Mayoral Golf Day

Opening Unspent Balance	37 262	30 585
Public Contributions during the year	53 257	37 262
Transferred to Revenue - Operating	(30 000)	(30 585)
Closing Unspent Balance	60 519	37 262

The public contribution relates to Mayoral Charity Golf Days held in Bredasdorp on 5 March 2016, 3 March 2017 and 2 March 2018. The funds raised at the event will be utilised to support Youth Development programmes in the municipal area.

24.02 Youth Worker

Public Contributions during the year	16 000	-
Transferred to Revenue - Operating	(10 000)	-
Closing Unspent Balance	6 000	-

Public contribution by Realty 1, Struisbaai to support the monthly payment of salary in terms of one youth worker at Struisbaai aligned with Council's vision to support Youth Development in the Cape Agulhas area.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
24 PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED)		
24.03 Disaster Contribution (Fire)		
Public Contributions during the year	16 500	-
Transferred to Revenue - Operating	(16 500)	-
Closing Unspent Balance	-	-
Public contribution by residents of the Struisbaai area to assist homeless people in Struisbaai North who lost all their belongings during a fire		
24.04 Marine Drive Cables		
Opening Unspent Balance	-	57 358
Transferred to Revenue - Capital	-	(57 358)
Closing Unspent Balance	-	-
Contribution for the replacement of overhead lines with underground cable in Marine Drive (Andre Mouton - Stand 1251 & H Myburgh Stand 1021).		
24.05 P & B Limeworks		
Public Contributions during the year	-	58 787
Transferred to Revenue - Capital	-	(58 787)
Closing Unspent Balance	-	-
Contribution for a new overhead LT for connection to the feedlot and office of P & B Limeworks.		
24.06 Keurtjielaan 13		
Public Contributions during the year	-	53 061
Transferred to Revenue - Capital	-	(48 364)
Transferred to Revenue - Operating	-	(4 697)
Closing Unspent Balance	-	-
Contribution for the replacement of overhead lines with underground cable in Keurtjie Drive.		
24.07 Total		
Opening Unspent Balance	37 262	87 943
Public Contributions during the year	85 757	149 110
Transferred to Revenue - Capital	-	(164 509)
Transferred to Revenue - Operating	(56 500)	(35 282)
Closing Unspent Balance	66 519	37 262

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

		2018 R	2017 R
25	CONTRIBUTED ASSETS		
	Department of Housing (GAP Infrastructure)	6 804 347	-
	Electricity Infrastructure	871 877	533 882
	Library Assets	-	186 184
	Investment Property	26 700	-
	Total	7 702 924	720 066
26	FINES		
	Traffic Fines	11 776 103	6 864 815
	Library Fines	31 993	31 172
	Total	11 808 096	6 895 987
	In terms of the requirements of GRAP 23 and IGRAP1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
27	ACTUARIAL GAINS		
	Post Retirement Medical Benefits	4 669 007	4 629 229
	Long Service Awards	-	560 279
	Total	4 669 007	5 189 508
28	SERVICE CHARGES		
	Electricity Revenue	102 079 035	95 089 987
	Water Revenue	25 485 251	24 474 041
	Refuse Removal Revenue	19 419 706	16 955 654
	Sewerage and Sanitation Revenue	12 749 264	11 407 291
	Total Revenue	159 733 256	147 926 973
	Less: Rebates	(9 383 353)	(8 810 441)
	Water Revenue	(3 001 041)	(2 754 939)
	Refuse Removal Revenue	(3 979 207)	(3 606 842)
	Sewerage and Sanitation Revenue	(2 403 106)	(2 448 660)
	Total	150 349 902	139 116 532

Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

		2018 R	2017 R
29	RENTAL OF FACILITIES AND EQUIPMENT		
	Halls and Offices	275 084	308 544
	Properties	2 085 092	1 257 023
	Resorts	6 979 406	6 190 485
	Sports Grounds	10 279	12 645
	Other	1 218	18 070
	Total	9 351 079	7 786 767
30	INTEREST EARNED - OUTSTANDING DEBTORS		
	Interest Earned - Service Debtors	861 792	1 021 266
	Interest Earned - Penalty Interest on Property Rates	457 590	542 267
	Total	1 319 382	1 563 532
31	OTHER INCOME		
	Connections - Electricity	1 388 778	1 476 296
	Connections - Water	846 899	687 525
	Connections - Sewer	254 352	257 004
	Building Plan Fees	1 381 031	866 445
	Garden Refuse Removal	17 868	19 185
	Sundry Income	2 579 001	1 744 921
	Total	6 467 929	5 051 376
	Sundry income represents a wide range of revenue items (such as payroll commission, tender deposits, , burial fees, copies and faxes) which is not considered material to warrant separate disclosure in the financial statements.		
32	EMPLOYEE RELATED COSTS		
	Basic Salaries and Wages	78 505 679	73 271 812
	Pension and UIF Contributions	12 379 072	11 676 757
	Medical Aid Contributions	4 123 877	3 936 984
	Overtime	3 613 543	3 398 338
	Motor Vehicle Allowance	5 591 655	5 421 893
	Cellphone Allowance	438 831	416 395
	Housing Allowances	1 002 027	1 014 498
	Acting Allowance	1 126 744	681 837
	Other benefits and allowances	3 546 076	3 267 791
	Workmens Compensation Contributions	701 867	578 620
	Payments in lieu of leave	1 431 456	1 302 914
	Long service awards	568 721	561 403
	Post Retirement Medical Benefits	2 512 615	2 402 556
	Total	115 542 164	107 931 799

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
32 EMPLOYEE RELATED COSTS (CONTINUED)		
<p>The total employee related cost includes temporary workers funded from the Expanded Public Works Programme Grant, Financial Management Grant, Municipal Infrastructure Grant and internal funded job creation programmes over the festive season.</p>		
Remuneration of Key Personnel		
<p>All Managers are appointed on a 5-year contract, except for the current Director Infrastructure Services (Mr A Jacobs) who is appointed on a 10 year contract. There are no post-employment or termination benefits payable to them at the end of the contract period. The benefits are as follows:</p>		
Remuneration of the Municipal Manager - D O'Neill (16/08/2017 to 31/07/2022)		
Basic Salary	1 418 178	1 148 092
Pension and UIF Contributions	56 596	210 587
Medical Aid Contributions	47 305	45 552
Performance Bonus	116 276	191 966
Motor Vehicle Allowance	120 904	104 730
Cellphone Allowance	11 760	4 018
Payments in lieu of leave	165 810	76 610
Other benefits and allowances	10 004	17 688
Total	1 946 833	1 799 243
Remuneration of the Community Services Manager - KM Mrali (01/08/2013 to 31/07/2018)		
Basic Salary	960 247	804 875
Pension and UIF Contributions	189 773	160 365
Medical Aid Contributions	47 305	46 452
Performance Bonus	50 302	104 400
Motor Vehicle Allowance	40 686	39 534
Cellphone Allowance	-	138
Other benefits and allowances	-	11 137
Total	1 288 313	1 166 902

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

32

EMPLOYEE RELATED COSTS (CONTINUED)

	2018 R	2017 R
Remuneration of the Corporate Services Manager - S Ngwevu (01/03/2013 to 28/02/2018)		
Basic Salary	714 534	804 875
Pension and UIF Contributions	14 277	160 366
Medical Aid Contributions	3 942	46 452
Performance Bonus	-	104 400
Motor Vehicle Allowance	3 000	50 344
Cellphone Allowance	1 350	16 200
Payments in lieu of leave	-	9 697
Other benefits and allowances	8	16 071
Total	737 112	1 208 404
Remuneration of the Civil Engineering Services Manager - N Kotze (01/01/2013 to 31/12/2017)		
Basic Salary	118 928	781 763
Pension and UIF Contributions	27 800	154 330
Medical Aid Contributions	7 884	46 452
Performance Bonus	-	104 400
Motor Vehicle Allowance	10 642	72 577
Cellphone Allowance	-	5 487
Payments in lieu of leave	143 664	25 117
Other benefits and allowances	17	11 915
Total	308 935	1 202 041
Remuneration of the Civil Engineering Services Manager - AA Jacobs (20/06/2018 to 30/06/2028)		
Basic Salary	27 096	-
Pension and UIF Contributions	149	-
Cellphone Allowance	461	-
Other benefits and allowances	1 938	-
Total	29 643	-
Remuneration of the Chief Financial Officer - PJ Van Biljon (01/08/2017 to 31/07/2022)		
Basic Salary	1 110 456	893 962
Pension and UIF Contributions	31 174	162 698
Medical Aid Contributions	47 305	45 645
Performance Bonus	93 990	121 921
Motor Vehicle Allowance	139 318	132 204
Cellphone Allowance	14 400	14 400
Payments in lieu of leave	214 059	-
Other benefits and allowances	6 808	19 105
Total	1 657 510	1 389 935

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

33 REMUNERATION OF COUNCILLORS

Councillor Allowance	3 080 623	2 820 441
Cellphone Allowance	240 900	269 571
Motor Vehicle Allowance	1 162 788	1 112 101
Pension Contributions	515 333	541 337
Medical Aid Contributions	60 222	-
Total	5 059 866	4 743 451

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and one mayoral committee member are full-time. They are provided with secretarial support and an office each at the cost of the Council.

The municipal election took place on 3 August 2016 and new councillors were elected as from 15 August 2016. The composition of the Council were as follows prior to and subsequent the elections:

Incoming Council

Executive Mayor	P J Swart	817 782	700 042
Executive Deputy Mayor	Z Tonisi	663 390	565 880
Speaker	J G A Niewoudt	660 879	562 860
Councillor - Mayoral Committee	G D Burger	621 468	529 291
Councillor - Mayoral Committee	M October	621 210	530 439
Councillor - Part time	D Jantjies	279 284	241 517
Councillor - Part time	E C Marthinus	279 284	241 517
Councillor - Part time	E Sauls	279 142	222 422
Councillor - Part time	C J Jacobs	279 142	235 367
Councillor - Part time	R J Baker	279 142	235 367
Councillor - Part time	D J Europa	279 142	235 367

Outgoing Council

Executive Mayor	R G Mitchell	-	88 220
Executive Deputy Mayor	D Jantjies	-	64 385
Speaker	E C Marthinus	-	64 385
Councillor - Mayoral Committee	M R Mokotwana	-	69 838
Councillor - Part time	P N Atyhosi	-	29 255
Councillor - Part time	J G A Niewoudt	-	28 566
Councillor - Part time	G D Burger	-	28 566
Councillor - Part time	Z Tonisi	-	28 504
Councillor - Part time	E Sauls	-	41 663
Total		5 059 866	4 743 451

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
34 DEBT IMPAIRMENT		
Receivables from exchange transactions	7 978 306	4 913 913
Receivables from non-exchange transactions	10 704 453	6 262 086
Total Debt Impairment	18 682 759	11 175 999
Movement in VAT included in debt impairment	(521 785)	(210 134)
Total	18 160 974	10 965 865
35 DEPRECIATION AND AMORTISATION		
Investment Property	8 530	8 530
Property, Plant and Equipment	10 586 716	9 562 799
Intangible Assets	309 916	319 083
Capitalised Restoration Cost (PPE)	1 129 958	1 129 143
Total	12 035 121	11 019 554
36 IMPAIRMENTS		
Capitalised Restoration Cost (PPE)	176 350	-
Total	176 350	-
37 REPAIRS AND MAINTENANCE		
In the prior year the Accounting Standards Board (ASB) issued a FAQ which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance, and that the said expenditure should be reclassified by it's nature. Accordingly, the the items were reclassified to the following line items.		
Employee Related Costs	33 841 798	20 513 284
Contracted Services	9 789 577	5 491 265
Other Expenditure	7 194 857	10 294 345
	50 826 232	36 298 894
In line with the requirements of GRAP 17, the repairs and maintenance related expenditure can be attributed to the following asset classes:		
Furniture, Office Equipment and Tools	502 178	683 227
Buildings and Commonage	9 923 095	10 225 729
Computer Software	2 526 444	2 657 948
Vehicles	3 722 332	2 970 122
Infrastructure: Roads and Stormwater	10 866 024	5 808 017
Infrastructure: Electricity	6 713 817	3 468 158
Infrastructure: Sewerage	5 825 146	4 431 121
Infrastructure: Water	9 471 991	4 847 653
Infrastructure: Refuse	1 275 206	1 206 920
Total	50 826 232	36 298 894

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
38 ACTUARIAL LOSSES		
Long Service Awards	302 372	-
Total	302 372	-
39 FINANCE CHARGES		
Finance Charges - Cash	490 202	353 392
Annuity Loans	473 824	301 929
Finance Lease Liabilities	16 377	51 463
Finance Charges - Non-Cash	8 942 489	8 953 703
Rehabilitation Provision - Landfill Sites	4 109 989	4 044 343
Post Retirement Medical Benefits	4 245 462	4 296 452
Long Service Awards	587 038	612 908
Total	9 432 690	9 307 095
40 BULK PURCHASES		
Electricity	75 188 246	72 911 171
Water	169 463	170 577
Total	75 357 709	73 081 748
41 CONTRACTED SERVICES		
Audit Committee	29 176	87 205
Cleaning Services	1 572	15 445
Clearing & Grass Cutting Services	65 638	65 340
Debt Collection Services	85 749	146 378
Fire Services	750 000	-
Information Technology Support	2 895 596	1 980 325
Legal fees	291 992	553 326
Maintenance of Buildings and Facilities	1 096 321	973 061
Maintenance of Equipment and Other Assets	6 073 233	1 704 523
Professional Services	2 881 243	4 682 131
Property Valuation	88 300	1 288 496
Refuse Removal	2 550 498	1 409 352
Roads and Stormwater	12 500	81 025
Security Services	660 680	711 819
Traffic Fine Management	907 544	514 411
Total	18 390 041	14 212 835

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
42 TRANSFERS AND GRANTS		
Contribution - Elim Community	25 736	300 000
Contribution - Kassiebaai Community	120 000	120 000
Contribution - Shipwreck Museum	45 652	50 000
Contribution - Tourism Buro	900 900	858 000
Contribution - Overberg Radio	120 000	100 000
Contribution - Ons Huis	50 000	-
Contribution - Save House	100 000	-
Public Funded Grants	30 000	30 585
Subsidy - Low Cost Housing	5 919	6 401
Total	1 398 206	1 464 986
43 OTHER EXPENDITURE		
Advertising	264 418	224 646
Audit fees	3 105 768	2 864 867
Bank Charges	1 040 780	884 652
Bursaries	2 999 120	526 514
Chemicals	2 314 176	2 484 572
Cleaning material	248 955	232 863
Cleaning services & washing	95 947	102 425
Commission Paid	1 512 583	1 362 317
Conferences & Seminars	46 148	60 922
Donations	119 980	119 000
Entertainment costs	217 573	232 676
Equipment Hire	180 066	881 402
Free Basic Electricity	361 686	389 039
Fuel Cost	2 776 372	2 819 103
Insurance	660 131	644 565
License fees	5 822	8 277
License fees - Vehicles	186 961	132 767
Life Guards (Beaches)	237 870	196 049
Local Economic Development	50 000	50 563
Maintenance Materials and Small Tools	3 820 639	5 837 406
Marketing	477 640	491 805
Oil & Lubricants	22 232	101 905
Postage	710 275	836 962
Printing & Stationery	882 759	696 263

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
43 OTHER EXPENDITURE (CONTINUED)		
Protective Clothing	422 194	543 417
Public Communication	151 723	148 867
Recruiting Costs	32 018	-
Refuse Bags	752 162	678 177
Rental Paid	738 562	690 824
Service Charges	947 125	942 383
Service connections - new	190 791	166 648
Shared Services - Risk Management	118 928	181 946
Social Assistance	86 293	67 195
Socio-Economic Development	161 198	243 719
Structure - & Zoning planning	29 900	953 065
Subscriptions - Organisations	1 168 538	1 031 853
Subsistence & Travel Allowances	1 208 817	684 764
Telephone costs	915 953	1 030 318
Training & Development - Staff	1 587 051	1 222 684
Training Levy	906 119	953 991
Tyres	211 860	645 613
Union Representative	36 929	40 101
Ward Committees	510 884	512 300
Other	1 839 001	1 738 559
Total	34 353 944	34 657 982

44 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3

44.01 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Balance previously reported	14 312 085
Fines issued during 2016/2017 incorrectly excluded from accounting records - Refer to note 44.06	107 476
Effect on Gross Receivable	477 500
Effect on Impairment	(370 024)
Restated Balance on 30 June 2017	14 419 561

44.02 PROPERTY PLANT AND EQUIPMENT

Balance previously reported	323 664 539
Accrual relating to Thusong Centre incorrectly not raised on 30 June 2017 - Refer to note 44.03	661 088
Correction of Housing Top Structures incorrectly capitalised in prior period up to 30 June 2016 - Refer to note 44.05	(1 075 381)
Restated Balance on 30 June 2017	323 250 246

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

2017
R

44 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3

44.03 PAYABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	31 479 859
Accrual relating to Thusong Centre incorrectly not raised on 30 June 2017 - Refer to note 44.02	661 088
Restated Balance on 30 June 2017	32 140 948

44.04 UNSPENT CONDITIONAL GOVERNMENT GRANTS

Balance previously reported	1 570 000
Incorrect allocation between National and Provincial Government	-
Effect on Provincial Government	147 990
Effect on National Government	(147 990)
Provincial Allocation previously not recognised as revenue (DPLG Water Meters) - Refer to note 44.06	(200 000)
Restated Balance on 30 June 2017	1 370 000

44.05 ACCUMULATED SURPLUS

Balance previously reported	290 057 891
Corrections relating to 2016/2017 - Refer to note 44.06	307 476
<u>Corrections up to 30 June 2016</u>	
Correction of Housing Top Structures incorrectly capitalised in prior period up to 30 June 2016 - Refer to note 44.02	(1 075 381)
Restated Balance on 30 June 2017	289 289 987

44.06 STATEMENT OF FINANCIAL PERFORMANCE

Balance previously reported	2 723 376
Provincial Allocation previously not recognised as revenue (DPLG Water Meters) - Refer to note 44.04	200 000
Fines issued during 2016/2017 incorrectly excluded from accounting records - Refer to note 44.01	107 476
Effect on Fines	477 500
Effect on Debt Impairment	(370 024)
Restated Balance on 30 June 2017	3 030 852

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

2017
R

45 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATION IN TERMS OF GRAP 1

45.01 STATEMENT OF FINANCIAL PERFORMANCE

The following items were reclassified in the current year to ensure alignment with GRAP.

Effect on Other Expenditure	1 187 246
Effect on Contracted Services	(1 187 246)
	<hr/>
Net Effect on Surplus for the Year	-
	<hr/> <hr/>

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

46	NET CASH FROM OPERATING ACTIVITIES	2018 R	2017 R
	Net Surplus for the year	22 250 093	3 030 852
	Adjusted for:		
	Non-Cash Revenue	(16 956 276)	(5 930 127)
	Reversal of Impairments	-	-
	Actuarial Gains	(4 669 007)	(5 189 508)
	Gain on Disposal of PPE	(4 584 345)	(12 000)
	Decrease in Landfill Site Provision	-	(8 554)
	Contributed Assets	(7 702 924)	(720 066)
	Non-Cash Expenditure	40 156 366	31 627 914
	Debt Impairment	18 160 974	10 965 865
	Depreciation and Amortisation	12 035 121	11 019 554
	Impairments	176 350	-
	Actuarial losses	302 372	-
	Finance Charges	8 942 489	8 953 703
	Loss on disposal of PPE	539 061	688 792
	Contributions - Provisions and Employee Benefits	10 370 408	9 886 933
	Post Retirement Medical Benefits	2 512 615	2 402 556
	Long Service Awards	568 721	561 403
	Performance Bonuses	(91 995)	602 988
	Bonuses	5 949 611	5 017 071
	Staff Leave	1 431 456	1 302 914
	Expenditure - Provisions and Employee Benefits	(8 283 977)	(7 513 765)
	Post Retirement Medical Benefits	(933 563)	(938 637)
	Long Service Awards	(513 630)	(307 457)
	Performance Bonuses	(260 568)	(627 086)
	Bonuses	(5 496 429)	(4 678 750)
	Staff Leave	(1 079 787)	(961 834)
	Other adjustments	(4 445 785)	(9 145 474)
	Bad Debts Written Off	(4 371 748)	(9 099 083)
	Movement on Operating Lease Asset	(76 549)	(31 793)
	Movement on Operating Lease Liability	2 513	(14 598)
	Operating Surplus before changes in working capital	43 090 829	21 956 333
	Movement in working capital	(17 391 185)	12 540 470
	Receivables (Exchange and Non-Exchange)	(9 638 162)	(9 906 318)
	Inventory	18 869	151 898
	Payables from exchange transactions	(7 468 969)	22 543 001
	Unspent Conditional Government Grants	(969 540)	1 091 250
	Unspent Public Contributions	29 257	(50 681)
	Taxes	637 359	(1 288 680)
	Cash Flow from Operating Activities	25 699 644	34 496 803

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	2018 R	2017 R
47 CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	32 751 461	24 345 119
Call and Notice Deposits	15 000 000	-
Cash Floats	16 850	16 350
Total	47 768 311	24 361 469

Refer to note 2 for more details relating to cash and cash equivalents.

48 BUDGET COMPARISONS

48.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

Statement of financial position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items as well as the items highlighted in the reasons for deviations:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income and Insurance Receipts.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

48 BUDGET COMPARISONS (CONTINUED)

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure, Repairs and Maintenance and Actuarial Losses.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

48.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

Cash	Due to conservative budget assumptions the municipality had to review and align its budget to more realistic financial year's projected actual cash results based on the anticipated revenue and expenditure trends.
Consumer Debtors	Due to conservative budget assumptions the municipality had to review and align its budget to more realistic financial year's projected actual cash results based on the anticipated revenue and expenditure trends.
Other Receivables	An adjustment is required mainly due to the projected downward in the collection of fines issued as well as the increase of long outstanding debt past 90 days which led to an increase in debt impairment during current year.
Property, Plant And Equipment	Align budget to the prior year actual results and incorporate adjustments to proposed capital budget and depreciation charges mainly due to projected savings anticipated
Intangible Assets	Align budget to additional needs requirements identified and the new projected actual results mainly with reference to additional / optional mSCOA module requirements i.r.o assets & HR related matters on the financial system .
Trade and Other Payables	Adjust payables in line with revised and projected expenditure trends and assumptions relating to period of payment days.
Provisions and Employee Benefits (Current and Non-Current)	Account mainly for revised expenditure forecast received from the Actuaries relating to Employee Benefits (Long Service and Post Employment Health Benefits)

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

48

BUDGET COMPARISONS (CONTINUED)

Reserves	Account for the adequate level of Capital Replacement Reserve aligned with Council's strategic objective based on anticipated Cash levels on 30 June 2018.
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Statement of financial position - Budget versus Actual

Cash and Call Investments	Improved cash levels mainly the result of a conservative approach when budgeting for cash as well as material unspent loans on 30 June 2018.
Consumer Debtors	Main reason for the deviation is largely due to the fact that no effective credit control could be applied for the period under review as a results of the conversion to the new financial system and implementation of MSCOA requirements. The tough and poor economic circumstances / debtor payments also contributed to the under budgeting.
Other Debtors	Full year actuals significant less than anticipated mainly as a result of the decrease in the payment recovery rate for traffic fines and the anticipated increase in debt impairment compare to the previous financial year provision.
Property, Plant And Equipment	Deviation mainly as a result of contributed assets not foreseen during the mid-year assessment and accordingly not sufficiently budgeted on the Capital Budget.
Borrowing	additional external borrowing earmarked for the full medium term budget period and not anticipated during the adjustment budget process
Accumulated Surplus	Higher than anticipated revenue and cost saving measures resulted in higher net surplus for the current year.
Reserves	Higher than anticipated Cash levels contribution to a higher level of Reserves that can be maintained which mainly contributed to the deviation reflected.

Statement of financial performance - Budget Adjustments

Transfers Recognised - Operational	Adjustment mainly due to additional grant funding allocations from Departement Local Gouvernement and Human Settlements as well as Provincial Treasury and approval of previous year rollover application.
Other Income	Budget adjustments to account for revised revenue projections based on mid-year actuals and prior year results.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

48

BUDGET COMPARISONS (CONTINUED)

Other Materials and Expenditure	Adjustment mainly due to additional grant funding allocations from Departement Local Government and Human Settlements as well as
Contributed Assets	Account for numerous public contributions received as well as additional government grant allocations received in-kind i.r.o the current year and / or rolled over from the previous year.

Statement of financial performance - Budget versus Actual

Fines	Increase in tariffic fines mainly as a result of increased activity on the operations of law enforcement.
Rental Of Facilities and Equipment	Difference due to Camping fees being budgeted for as part of Other Revenue in terms of NT Classification (R 7 million)
Transfers Recognised - Operational	Deviation as a result of the housing allocation to be budgeted according to the DoRA requirements but differently treated i.t.o GRAP disclosures as an agency function.
Other Income	Due to the sundry nature of this line item, the actual results of the prior year is used as basis for current year budget. Also refer to Rental of Facilities and Equipment.
Gains on Disposal of Properties	Under budget i.t.o the anticipated revenue projection for the financial year under review.
Employee Related Costs	Deviation mainly the result of the adjustment of expenditure in line with nature (GRAP 1)
Debt Impairment	applied during the financial year as a result of the conversion onto the new financial system as well as the implementation MSCOA which created huge challenges to overcome as a municipality. Debt
Other Materials and Expenditure	budget cost estimates and the housing allocation to be budgeted according to the DoRA requirements but differently treated i.t.o GRAP disclosures as an agency function.
Contracted Services	Deviation due to the change in the disclosure of repairs & maintenance according to the nature of expenditure which was not anticipated in terms of the projected expenditure forecasts.

Cash Flow Statement - Budget Adjustments

Other Revenue	Account for anticipated increase in revenue to be generated based on projected trends.
Government - Operating	Increase according to additional grant allocation in terms of the DoRA promulgation.
Suppliers and Employees	Adjustment mainly due to anticipated cost saving measures and unrealistic budget estimates.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

48 BUDGET COMPARISONS (CONTINUED)

Cash Flow Statement - Budget versus Actual

Service Charges	Recovery rate slightly higher than % factored into budget
Other Revenue	Other revenue materialised higher than anticipated in budget
Government - Operating	Deviation mainly due to change in accounting practice relating to the housing grant.
Suppliers and Employees	Cost saving measures resulting in lower than expected expenditure trends
Proceeds on Disposal of Assets	Proceeds on disposal of assets were higher than anticipated and budgeted for.
Capital Assets	Although the capital budget been exceeded due to the fact that contributed asset could not be fully costed and anticipated before the year end, other capital projects were underspent mainly as a results of savings.
New Loans Raised	External borrowing was taken up over the full medium term budget period which was not anticipated during the mid-year budget assesment only focus on the financial year under review.

2018
R

2017
R

49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

49.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

Opening balance	1 993 509	-
Unauthorised expenditure current year - operating	2 873 761	1 993 509
Unauthorised expenditure current year - capital	-	-
Approved by Council	(1 993 509)	-
Unauthorised expenditure awaiting approval	2 873 761	1 993 509

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

49

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

	2018 (Actual) R	2018 (Final Budget) R	2018 (Unauthorised) R
Unauthorised expenditure - Operating			
Engineering Services	152 735 041	156 854 786	-
Executive and Council	40 724 551	41 587 020	-
Financial Services & ICT	51 405 266	48 531 505	2 873 761
Management Services	45 883 641	67 658 889	-
Total	290 748 498	314 632 200	2 873 761
Unauthorised expenditure - Capital			
Engineering Services	26 479 591	27 581 192	-
Executive and Council	225 886	227 210	-
Financial Services & ICT	2 900 319	2 931 191	-
Management Services	2 426 933	2 779 850	-
Total	32 032 730	33 519 443	-
		2018 R	2017 R

49.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

Opening balance	441 754	208 230
Fruitless and wasteful expenditure incurred	107 870	441 754
Approved by Council	(441 754)	(208 230)
Fruitless and wasteful expenditure awaiting approval	107 870	441 754

Details of Fruitless and wasteful expenditure incurred :

Interest on late payment ESKOM	4 670	-
Training not completed Councillors / Officials	102 200	-
Incorrect EPWP salary payment	1 000	-
Land Survey contract not completed and cancelled	-	430 920
Unlock Office doors	-	890
Missed flight and arrange for shuttle services	-	600
Accommodation cancelled with no refund	-	1 200
Telephone Directory publication cancelled	-	8 144
Total	107 870	441 754

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

49

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

The fruitless and wasteful expenditure has been referred to the internal audit for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred which be subject the outcome of the investigation report.

49.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

Opening balance	272 339	237 855
Irregular expenditure incurred	-	272 339
Approved by Council	(272 339)	(237 855)
Irregular expenditure awaiting approval	-	272 339
Details of Irregular expenditure incurred :		
Identified irregular expenditure in terms of the SCM policy -		
Split of Projects	-	72 269
Contravention of SCM Regulation 29 (4)	-	200 070
Total	-	272 339

The irregular expenditure has been referred to internal audit and MPAC for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred which be subject the outcome of the investigation.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

	2018	2017
49.4 MATERIAL LOSSES		
Electricity distribution losses		
- Units purchased (Kwh)	77 015 632	74 511 070
- Units lost during distribution (Kwh)	5 336 516	4 840 087
- Percentage lost during distribution	6.93%	6.50%
- Rand Value of Loss	3 682 196	3 339 660
Water distribution losses		
- Kilo litres purified	2 741 319	2 586 927
- Kilo litres lost during distribution	379 571	452 288
- Percentage lost during distribution	13.85%	17.48%
- Rand Value of Loss	766 733	922 668

The improvement in water losses can mainly be attributed to less pipe leaks experienced in the current year as well as the upgrading/repair of old infrastructure (such as bulk meters)

	2018 R	2017 R
50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
50.1 Salga Contributions [MFMA 125 (1)(b)]		
Opening balance	(1 053 911)	(911 278)
Expenditure incurred	1 053 911	995 778
Payments	(1 179 159)	(1 138 411)
Payments in advance	(1 179 159)	(1 053 911)

50.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	-
Expenditure incurred	3 134 944	2 952 071
External Audit - Auditor-General	3 105 768	2 864 867
Audit Committee	29 176	87 205
Payments	(3 134 944)	(2 952 071)
Outstanding Balance	-	-

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

	2018 R	2017 R
50.3 VAT [MFMA 125 (1)(c)]		
Opening balance	(172 130)	674 370
Amounts received during the year	(2 733 645)	(741 012)
Amounts paid during the year	6 631 143	4 424 882
Amounts claimed - current year	2 307 455	653 198
Amounts payable - current year	(6 012 255)	(5 183 568)
Outstanding Balance	20 568	(172 130)
Vat in suspense due to cash basis of accounting	(699 660)	130 397
VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.		
50.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]		
Payments due to SARS	16 907 630	14 952 798
Payments	(16 907 630)	(14 952 798)
Outstanding Balance	-	-
50.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]		
Payments due to pension fund and medical aid	27 607 442	26 214 163
Payments	(27 607 442)	(26 214 163)
Outstanding Balance	-	-
50.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]		
The following Councillor were in arrears:		
None	-	-

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

2018
R

2017
R

50.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

Approved deviations from Supply Chain Management
Regulations were identified on the following categories:

Emergency (SCM 36 (1) (a) (i)):

Less than R 30 000	36 856	46 969
Between R 30 000 and R 200 000	331 129	142 565
Total	367 985	189 534

Sole Provider (SCM 36 (1) (a) (ii)):

Less than R 30 000	375 397	179 625
Between R 30 000 and R 200 000	513 152	257 062
More than R 200 000	1 195 263	226 005
Total	2 083 811	662 692

Impractical or Impossible (SCM 36 (1) (a) (v)):

Less than R 30 000	352 925	391 492
Between R 30 000 and R 200 000	701 075	1 026 380
More than R 200 000	-	1 666 776
Total	1 054 000	3 084 648

Total Deviations

Less than R 30 000	765 178	618 086
Between R 30 000 and R 200 000	1 545 356	1 426 007
More than R 200 000	1 195 263	1 666 776
Total	3 505 797	3 710 869

50.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

None

50.9 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the municipality engaged
with the following employees in service of the state (SCM
44)

None

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

		2018 R	2017 R
50	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)		
	During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45)		
	<u>Name (State institution)</u>	<u>Supplier name</u>	
	TL Du Toit (Department of Health)	Cape Agulhas Cilvils	5 089 407
	N Eksteen (Shareholder in Premium Computers & Stationers and in service of Denel)	Canfred Computers T/A Premium Computers & Stationers	55 012
	V Zeeman (Spouse of owner is employed by Overberg District Municipality)	DC Zeeman t/a Alliminium Design	350 615
	Spouse of Director is employed by Western Cape Education Department	Ikapa Reticulation & Flow	228 901
	AJ van der Walt (Spouse) of owner IS in service of Denel OTR	Bren Jac-Lin CC T/A Undercover	320
	Spouse of Director employed by the City of Cape Town	NCC Environmental Services	-
	Total	5 724 255	6 392 843
51	CAPITAL COMMITMENTS		
	Commitments in respect of Capital Expenditure:	2 799 246	1 472 947
	Approved and contracted for:		
	VESTA i.r.o Asset register (Additional cost not part of the National Traesury - RT25 Tender)	344 650	1 150 000
	Upgrading of Tidal Pools - L'Agulhas	561 354	-
	Establishment of Server Room - Napier Offices	129 894	-
	Paving of Side walks - L'Agulhas	1 370 829	-
	2000W Metal Halide Floodlights	349 319	-
	Supply and erection of fencing at boreholes - Bredasdorp	-	122 947
	Time and Attendance System	43 200	200 000
	Total	2 799 246	1 472 947
	This expenditure will be financed from:		
	Internal Funding - CRR	2 449 927	1 472 947
	Government Grants	349 319	-
	Total	2 799 246	1 472 947

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

52 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

52.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

	2018 R	2017 R
Cash and Cash Equivalents	47 751 461	24 345 119
Receivables from exchange transactions	26 056 267	22 145 598
Current Portion of Long-term Receivables	7 248	31 117
Long-Term Receivables	211 619	196 035
Total	74 026 595	46 717 869

Cash and Cash Equivalents

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held, no cash were pledged as security and no collateral is held for any cash and cash equivalents, other than the following:

- Guarantees in favour of the following third parties - Post Office - R 50 000 (2017 - R 50 000)

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

	2018 R	2017 R
Electricity	2 174 131	1 274 419
Water	1 137 081	628 710
Refuse	937 802	400 459
Sewerage	653 450	293 818
Other Services	1 357 595	997 021
Total	6 260 060	3 594 428

Long Term Receivables (including current portion)

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance are individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

52.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of

The financial instruments of the municipality is not directly exposed to any currency risk.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

52.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

	2018 R	2017 R
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	47 751 461	24 345 119
Long-term Liabilities (Including Current Portion)	(19 258 961)	(2 696 243)
Non-Current Provisions (Including Current Portion)	(69 781 716)	(66 297 464)
Net balance exposed	(41 289 217)	(44 648 588)

Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the financial statements.

Potential effect of changes in interest rates on surplus and deficit for the year:

0.5% (2017 - 0.5%) increase in interest rates	(206 446)	(223 243)
1% (2017 - 1%) decrease in interest rates	412 892	446 486

South Africa have reached the turning point in the rates cycle and any further upward adjustments are remote.

52.4 Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

30 JUNE 2018	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	5 355 811	14 645 747	6 640 236
Rehabilitation Provision	-	5 720 991	782 756 718
Payables from exchange transactions	22 412 064	-	-
Unspent Conditional Government Grants	400 460	-	-
Unspent Public Contributions	66 519	-	-
Total	28 234 855	20 366 737	789 396 953

30 JUNE 2017	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	580 658	1 942 362	801 557
Finance Lease Liabilities	361 515	-	-
Rehabilitation Provision	-	4 651 431	980 686 668
Payables from exchange transactions	30 523 624	-	-
Unspent Conditional Government Grants	1 370 000	-	-
Unspent Public Contributions	37 262	-	-
Total	32 873 058	6 593 793	981 488 225

Although the rehabilitation provision, the unspent conditional government grant and unspent public contribution is not defined as a financial instrument (due to the absence of a contracted counterparty for the balance), the potential outflow of cash resulting from these balances are included for the benefit of the user of the financial statements.

52.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

52 FINANCIAL RISK MANAGEMENT (CONTINUED)

The municipality is not exposed to any other price risk.

53 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

Financial Assets

	2018 R	2017 R
Cash and Cash Equivalents	47 768 311	24 361 469
Receivables from exchange transactions	26 056 267	22 145 598
Current Portion of Long-term Receivables	7 248	31 117
Long-Term Receivables	211 619	196 035
Total	74 043 445	46 734 219

Financial Liabilities

Current Portion of Long-term Liabilities	3 506 160	684 389
Payables from exchange transactions	22 412 064	30 523 624
Unspent Conditional Government Grants	400 460	1 370 000
Unspent Public Contributions	66 519	37 262
Long-term Liabilities	15 752 801	2 011 854
Total	42 138 005	34 627 129

54 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Receivables from Non-Exchange Transactions

Rates	10 168 421	7 972 196
Unpaid Grants	-	420 934
Department of Housing	-	8 572 180
Fines	14 683 500	8 091 200
Total	24 851 921	25 056 509

Refer to note 4 for more detail relating to the fines and rates receivables, including any provision for impairment raised against the gross amounts disclosed above.

Rates Receivable past due not impaired	1 042 611	1 524 795
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CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

55 EVENTS AFTER REPORTING DATE

None

56 IN-KIND DONATIONS AND ASSISTANCE

The Department of Corporate Governance and Human Settlements during the financial under review made an in-kind contribution for the provision of basic services in area H for GAP Housing to the amount of R6 804 347.

The Cape Agulhas Municipality received a private in-kind contribution for a medium voltage cable network to the amount of R 871 877 for the Suiderstrand Area (Stand 4715)

Refer to notes 24 and 25 for more detail regarding to public contributions and and other assistance/donated assets received.

57 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The municipality did not enter into any PPP's in the current and prior year.

58 CONTINGENT LIABILITIES

The municipality were exposed to the following contingent liabilities at year end:

58.1

The municipality does not have a permit or license for Waenhuiskrans landfill site currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act. The municipality is in discussion with the Department of Environmental Affairs to address the outstanding issue and according to feedback they in proces review the requirement due to the low volumes involved

58.2 Guarantees in favour of the following third parties - Post Office - R 50 000 (2017 - R 50 000)

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

59

RELATED PARTIES

Related parties are defined in note 1.35

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 32 and 33

The Cape Agulhas Municipality as the holding entity had a 100% shareholding in the Southernmost Development Agency (SOC) LTD. As the parent entity of the Agency, the municipality resolved during the 2012/13 financial year to de-register the company. Although the de-registration process is as yet not been finalised on 30 June 2018, the company does not have any assets or liabilities on the reporting dates under review (30 June 2016; 30 June 2017 and 30 June 2018). The process to de-register the company is considered to be an administrative matter to be finalised and no further financial activities have been conducted in the company on or beyond 30 June 2015. Due to the de-registration no consolidated financial statements are prepared for the financial year under review.

The following purchases were made during the year where Councillors, Management or Employees have an interest:

		2018 R	2017 R
<u>Entity</u>	<u>Employee</u>		
Adonai Funeral Home (Brother of D Fredericks)	D Fredericks	25 025	12 500
Diedericks Construction (Brother of D Fredericks)	J Diedericks	-	8 900
F Pieterse (Spouse of F Pieterse)	F Pieterse	-	4 900
AC Rudolph (Parent of A Rudolph)	A Rudolph	-	950
Cape Agulhas Communications (Parent of H Spandiel)	H Spandiel	-	31 948
EE Spandiel (Catering & Refreshments)	H Spandiel	15 983	-
M Waxa T/A Tamtura Waxa Taxi Services (Brother and Sister of X Waxa, T Waxa and B Waxa)	X Waxa, T Waxa and B Waxa	3 200	7 700
J Van Zyl (Parent of W van Zyl)	W Van Zyl	-	34 410
Total		44 208	101 308

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

60 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE OUTCOME 2017 R
Financial Performance						
Property rates	60 143 050	-	60 143 050	60 731 610	588 560	54 801 761
Service charges	152 857 204	-	152 857 204	150 349 902	(2 507 302)	141 569 420
Investment revenue	2 060 000	-	2 060 000	2 821 294	761 294	2 130 979
Transfers recognised - operational	55 833 501	4 615 307	60 448 808	37 463 553	(22 985 255)	33 935 113
Other own revenue	23 571 035	6 044 689	29 615 724	41 472 727	11 857 003	26 962 726
Total Operating Revenue	294 464 790	10 659 996	305 124 786	292 839 086	(12 285 700)	259 399 999
Employee costs	117 178 789	(557 610)	116 621 179	115 542 164	(1 079 015)	107 549 228
Remuneration of councillors	5 144 703	-	5 144 703	5 059 866	(84 837)	4 743 451
Debt impairment	7 833 480	-	7 833 480	18 160 974	10 327 494	10 965 865
Depreciation & asset impairment	11 439 899	(1 207 550)	10 232 349	12 211 471	1 979 122	11 019 554
Finance charges	8 964 009	719 421	9 683 430	9 432 690	(250 740)	9 307 095
Materials and bulk purchases	76 678 030	120 000	76 798 030	75 357 709	(1 440 321)	73 081 748
Transfers and grants	2 763 400	45 000	2 808 400	1 398 206	(1 410 194)	2 102 616
Other expenditure	78 919 368	6 591 261	85 510 629	53 585 418	(31 925 211)	49 304 551
Total Expenditure	308 921 678	5 710 522	314 632 200	290 748 498	(23 883 702)	268 074 108
Surplus/(Deficit)	(14 456 888)	4 949 474	(9 507 414)	2 090 587	11 598 001	(8 674 109)
Transfers recognised - capital	12 269 499	-	12 269 499	12 456 582	187 083	10 815 689
Contributions Recognised - capital	-	-	-	-	-	169 206
Contributed Assets	-	5 717 103	5 717 103	7 702 924	1 985 821	720 066
Surplus/(Deficit) for the year	(2 187 389)	10 666 577	8 479 188	22 250 093	13 770 905	3 030 852

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

60 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE OUTCOME 2017 R
Capital expenditure & funds sources						
Capital expenditure	27 664 699	5 854 744	33 519 443	32 032 730	(1 486 713)	24 940 721
Transfers recognised - capital	12 969 499	(31 251)	12 938 248	12 456 582	(481 666)	10 815 689
Public contributions & donations	-	6 717 103	6 717 103	7 702 924	985 821	884 575
Borrowing	5 660 750	(188 000)	5 472 750	4 483 620	(989 130)	2 620 035
Internally generated funds	9 034 450	(643 108)	8 391 342	7 389 605	(1 001 737)	10 620 422
Total sources of capital funds	27 664 699	5 854 744	33 519 443	32 032 730	(1 486 713)	24 940 721
Cash flows						
Net cash from (used) operating	13 909 462	(2 119 202)	11 790 260	25 699 644	13 909 384	34 496 803
Net cash from (used) investing	(27 137 491)	1 408 588	(25 728 903)	(19 072 221)	6 656 682	(24 124 824)
Net cash from (used) financing	3 608 845	487 551	4 096 396	16 779 419	12 683 023	(394 307)
Net Cash Movement for the year	(9 619 184)	(223 063)	(9 842 247)	23 406 843	33 249 089	9 977 671
Cash/cash equivalents at beginning of year	16 034 598	8 326 871	24 361 469	24 361 469	-	14 383 798
Cash/cash equivalents at the year end	6 415 414	8 103 807	14 519 221	47 768 312	33 249 089	24 361 468

Refer to Appendix F for more detail relating to the National Treasury Appropriation Statements

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2018

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2017 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2018 R
<u>ANNUITY LOANS</u>							
ABSA	3044713107	10.60%	2026/06/30	1 133 521	-	(79 637)	1 053 884
ABSA	88397067	10.60%	2021/06/30	613 573	-	(130 826)	482 747
ABSA	88399019	10.60%	2021/06/30	269 217	-	(57 403)	211 814
ABSA	88396435	10.60%	2021/06/30	152 676	-	(32 554)	120 122
ABSA	88583065	10.60%	2021/06/30	182 118	-	(38 831)	143 287
ABSA	3046537820	9.84%	2027/06/30	-	2 400 000	(152 893)	2 247 107
NEDBANK	Vehicle Fleet	9.20%	2021/06/30	-	5 000 000	-	5 000 000
NEDBANK	INFRA 1	9.64%	2023/06/30	-	3 000 000	-	3 000 000
NEDBANK	INFRA 2	10.35%	2028/06/30	-	7 000 000	-	7 000 000
Total Annuity Loans				2 351 106	17 400 000	(492 144)	19 258 961
<u>FINANCE LEASE LIABILITIES</u>							
Nashua MP201SPFGY	W3049601665	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049601380	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049601292	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049601290	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049604821	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049604824	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049604805	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049604820	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP201SPFGY	W3049604818	9.37%	2018/05/31	3 425	-	(3 425)	-
Nashua MP301SPF	W914PC06432	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407168	9.37%	2018/05/31	4 767	-	(4 767)	-

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2018

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2017 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2018 R
<u>FINANCE LEASE LIABILITIES (CONTINUED)</u>							
Nashua MP301SPF	W914P407172	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407173	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407177	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407185	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407189	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407191	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407208	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407225	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407313	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MP301SPF	W914P407315	9.37%	2018/05/31	4 767	-	(4 767)	-
Nashua MPC305SPF	W794P503261	9.37%	2018/05/31	6 278	-	(6 278)	-
Nashua MPC305SPF	W794P503262	9.37%	2018/05/31	6 278	-	(6 278)	-
Nashua MPC4503	E174MC30441	9.37%	2018/05/31	24 072	-	(24 072)	-
Nashua MPC4503	E174MC30439	9.37%	2018/05/31	24 072	-	(24 072)	-
Nashua HP T2500	CN52EBH02X	9.37%	2018/05/31	72 587	-	(72 587)	-
Nashua MP9002	W884JC00043	9.37%	2018/05/31	36 998	-	(36 998)	-
Nashua MP9002	W885J100084	9.37%	2018/05/31	36 998	-	(36 998)	-
Nashua MPC305SPF	W795P203788	9.37%	2018/05/31	6 434	-	(6 434)	-
Nashua MP2501SP	E335M220259	9.37%	2018/05/31	12 593	-	(12 593)	-
Nashua MP6002SP	W865J100087	9.37%	2018/05/31	30 794	-	(30 794)	-
Total Finance Lease Liabilities				345 138	-	(345 138)	-
Total Long-Term Liabilities				2 696 243	17 400 000	(837 282)	19 258 961

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2018

30 June 2018	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
Land and Buildings	84 654 496	117 912	-	84 772 409	10 647 109	285 540	-	10 932 648	73 839 760
Land	55 699 058	-	-	55 699 058	-	-	-	-	55 699 058
Buildings	28 955 439	117 912	-	29 073 351	10 647 109	285 540	-	10 932 648	18 140 703
Infrastructure	263 507 194	23 449 950	(79 191)	286 877 952	59 781 215	7 350 625	(38 758)	67 093 082	219 784 870
Roads and Storm water	95 433 205	14 361 015	-	109 794 220	15 812 199	2 800 491	-	18 612 689	91 181 531
Electricity Network	58 639 989	3 152 893	(68 916)	61 723 966	13 534 677	1 523 758	(31 989)	15 026 447	46 697 519
Sewerage Network	56 372 947	3 226 167	-	59 599 114	11 232 802	1 722 374	-	12 955 176	46 643 938
Water Network	50 961 394	2 709 875	(10 275)	53 660 994	17 712 420	1 226 610	(6 769)	18 932 261	34 728 733
Refuse Removal	2 099 659	-	-	2 099 659	1 489 118	77 392	-	1 566 510	533 149
Community Assets	26 734 126	1 919 223	-	28 653 349	2 812 725	389 181	-	3 201 907	25 451 442
Cemeteries	219 207	101 523	-	320 729	3 324	891	-	4 215	316 515
Clinics	201 995	-	-	201 995	31 932	1 920	-	33 852	168 142
Community Halls	13 100 528	91 081	-	13 191 609	472 664	147 062	-	619 726	12 571 884
Libraries	4 615 999	191 444	-	4 807 443	1 534 162	61 381	-	1 595 543	3 211 900
Parks & Gardens	2 827 848	1 131 377	-	3 959 226	219 584	66 251	-	285 835	3 673 391
Recreation Grounds	1 766 423	-	-	1 766 423	292 470	24 678	-	317 148	1 449 274
Sports facilities	3 861 727	403 798	-	4 265 525	258 589	86 998	-	345 588	3 919 937
Markets	140 400	-	-	140 400	-	-	-	-	140 400
Lease Assets	1 192 011	-	(14 200)	1 177 811	448 933	193 654	(7 374)	635 213	542 599
Leased Assets - Office Machines	1 192 011	-	(14 200)	1 177 811	448 933	193 654	(7 374)	635 213	542 599

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2018

30 JUNE 2018 (CONTINUED)	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
Other Assets	35 031 649	4 586 165	(1 044 481)	38 573 333	14 179 249	2 367 717	(552 679)	15 994 287	22 579 047
Computer Hardware	4 857 913	778 516	(149 331)	5 487 098	1 825 977	482 390	(93 228)	2 215 139	3 271 958
Furniture and Office Equipment	6 813 814	867 414	(122 788)	7 558 439	2 305 857	505 811	(82 052)	2 729 616	4 828 823
Vehicles	13 046 372	522 230	(143 783)	13 424 820	6 009 927	780 964	(106 268)	6 684 623	6 740 197
Special Vehicles	3 541 902	1 921 710	(407 189)	5 056 422	899 292	143 084	(105 684)	936 692	4 119 730
Tools and Equipment	4 325 782	496 296	(152 912)	4 669 165	1 832 442	331 207	(121 344)	2 042 306	2 626 860
Other	2 445 866	-	(68 477)	2 377 389	1 305 753	124 261	(44 104)	1 385 910	991 478
Total	411 119 477	30 073 250	(1 137 872)	440 054 855	87 869 232	10 586 716	(598 811)	97 857 136	342 197 719

The following work in progress balances are included in PPE

Roads and Storm water	7 513 300
Electricity Network	1 743 350
Sewerage Network	14 226
Water Network	163 065
Community Assets	399 898
Total Work in Progress (WIP)	9 833 838

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2018

30 JUNE 2017	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
Land and Buildings	84 035 635	723 861	(105 000)	84 654 496	10 399 983	270 011	(22 886)	10 647 109	74 007 387
Land	55 723 058	-	(24 000)	55 699 058	-	-	-	-	55 699 058
Buildings	28 312 578	723 861	(81 000)	28 955 439	10 399 983	270 011	(22 886)	10 647 109	18 308 330
Infrastructure	248 460 104	15 567 444	(520 354)	263 507 194	53 311 890	6 662 120	(192 795)	59 781 215	203 725 979
Roads and Storm water	88 165 703	7 408 302	(140 800)	95 433 205	13 533 831	2 278 368	-	15 812 199	79 621 006
Electricity Network	54 742 789	4 276 753	(379 554)	58 639 989	12 260 205	1 467 268	(192 795)	13 534 677	45 105 311
Sewerage Network	54 787 011	1 585 936	-	56 372 947	9 545 456	1 687 346	-	11 232 802	45 140 146
Water Network	48 664 942	2 296 453	-	50 961 394	16 560 673	1 151 746	-	17 712 420	33 248 975
Refuse Removal	2 099 659	-	-	2 099 659	1 411 726	77 392	-	1 489 118	610 541
Community Assets	23 909 346	2 824 780	-	26 734 126	2 497 500	315 226	-	2 812 725	23 921 401
Cemeteries	219 207	-	-	219 207	2 544	780	-	3 324	215 883
Clinics	201 995	-	-	201 995	30 012	1 920	-	31 932	170 062
Community Halls	11 638 828	1 461 700	-	13 100 528	356 108	116 556	-	472 664	12 627 864
Libraries	4 301 035	314 964	-	4 615 999	1 494 656	39 506	-	1 534 162	3 081 836
Parks & Gardens	1 920 132	907 716	-	2 827 848	173 275	46 309	-	219 584	2 608 264
Recreation Grounds	1 766 423	-	-	1 766 423	267 792	24 678	-	292 470	1 473 952
Sports facilities	3 861 727	-	-	3 861 727	173 112	85 477	-	258 589	3 603 138
Markets	-	140 400	-	140 400	-	-	-	-	140 400
Lease Assets	1 192 011	-	-	1 192 011	255 273	193 660	-	448 933	743 078
Leased Assets - Office Machines	1 192 011	-	-	1 192 011	255 273	193 660	-	448 933	743 078

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDING 30 JUNE 2018

30 JUNE 2017 (CONTINUED)	Cost				Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
Other Assets	32 849 854	2 774 907	(593 112)	35 031 649	12 371 459	2 121 783	(313 993)	14 179 249	20 852 400
Computer Hardware	3 870 528	1 084 450	(97 065)	4 857 913	1 485 830	391 536	(51 389)	1 825 977	3 031 936
Furniture and Office Equipment	5 965 405	1 083 149	(234 740)	6 813 814	1 966 187	459 359	(119 689)	2 305 857	4 507 956
Vehicles	12 891 150	178 223	(23 000)	13 046 372	5 266 509	754 418	(11 000)	6 009 927	7 036 445
Special Vehicles	3 321 867	220 035	-	3 541 902	830 854	68 437	-	899 292	2 642 610
Tools and Equipment	4 306 698	202 756	(183 672)	4 325 782	1 608 871	321 953	(98 381)	1 832 442	2 493 340
Other	2 494 207	6 295	(54 636)	2 445 866	1 213 208	126 079	(33 534)	1 305 753	1 140 113
Total	390 446 950	21 890 992	(1 218 466)	411 119 477	78 836 106	9 562 799	(529 674)	87 869 232	323 250 246

The following work in progress balances are included in PPE.

Roads and Storm water	3 657 511
Electricity Network	3 202 627
Sewerage Network	1 579 165
Water Network	20 879
Community Assets	140 400
Total Work in Progress (WIP)	8 600 581

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2018

VOTE	30 JUNE 2018			30 JUNE 2017		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Engineering Services	168 187 891	(152 735 041)	15 452 850	-	-	-
Executive and Council	31 149 968	(40 724 551)	(9 574 583)	14 205 290	(16 710 911)	(2 505 621)
Financial Services & ICT	78 029 864	(51 405 266)	26 624 598	-	-	-
Management Services	35 630 868	(45 883 641)	(10 252 773)	-	-	-
Budget and Treasury Office	-	-	-	66 813 749	(40 470 260)	26 343 489
Corporate Services	-	-	-	3 338 746	(25 731 055)	(22 392 309)
Community and Social Services	-	-	-	22 396 710	(39 806 666)	(17 409 955)
Electricity	-	-	-	99 572 725	(83 915 244)	15 657 481
Infrastructure	-	-	-	64 777 739	(61 439 972)	3 337 767
Total	312 998 591	(290 748 498)	22 250 093	271 104 960	(268 074 108)	3 030 852

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (VOTES) FOR THE YEAR ENDING 30 JUNE 2018

	ACTUAL R	BUDGET R	VARIANCE R	EXPLANATION FOR MATERIAL VARIANCES
OPERATING EXPENDITURE				
Engineering Services	152 735 041	156 854 786	(4 119 745)	Deviation mainly due to cost saving measures and unrealistic budget estimates
Executive and Council	40 724 551	41 587 020	(862 469)	Deviation mainly due to cost saving measures and unrealistic budget estimates
Financial Services & ICT	51 405 266	48 531 505	2 873 761	Deviation mainly as a results of provisons and impairments under budgeted
Management Services	45 883 641	67 658 889	(21 775 248)	Deviation as a result of the Housing allocation treated differently as an agency in terms GRAP principles.
Total	290 748 498	314 632 200	(23 883 702)	
CAPITAL EXPENDITURE				
Engineering Services	26 479 591	27 581 192	(1 101 601)	Deviation as a result of unrealistic budget estimates and anticipated projects not completed
Executive and Council	225 886	227 210	(1 324)	Immaterial
Financial Services & ICT	2 900 319	2 931 191	(30 872)	Immaterial
Management Services	2 426 933	2 779 850	(352 917)	Deviation mainly as a result of the sports academy project, funded from provincial grant, been delayed and not completed for rolled over into the new financial year.
Total	32 032 730	33 519 443	(1 486 713)	

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2018

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	TRANSFER TO/ (FROM) RECEIVABLES	CLOSING BALANCE
	R	R	R	R	R	R
NATIONAL GOVERNMENT						
Equitable Share	-	25 190 060	(25 190 060)	-	-	-
Financial Management Grant (FMG)	-	1 550 000	(118 251)	(1 431 749)	-	-
Municipal Infrastructure Grant (MIG)	-	11 118 000	(1 655 734)	(9 462 266)	-	-
Skills Development Fund and SETA Bursaries	-	3 100 382	(2 679 448)	-	(420 934)	-
National Electrification Programme (INEP)	-	1 000 000	(10 367)	(989 633)	-	-
Expanded Public Works Program (EPWP)	-	1 131 000	(1 131 000)	-	-	-
Total	-	43 089 442	(30 784 860)	(11 883 649)	(420 934)	-
PROVINCIAL GOVERNMENT						
Library Services	-	5 584 000	(5 355 867)	(228 133)	-	-
Proclaimed Road Subsidy	-	72 086	(72 086)	-	-	-
Community Development Workers	-	56 000	(56 000)	-	-	-
mSCOA Support Grant	-	330 000	(330 000)	-	-	-
Graduate Bursary Scheme	120 000	-	(109 280)	-	-	10 720
Municipal Productivity Study	300 000	-	(300 000)	-	-	-
Regional Waste Investigation	250 000	-	(215 460)	-	-	34 540
Capacity Building	-	240 000	(240 000)	-	-	-
Department of Cultural Affairs and Sport	700 000	-	-	(344 800)	-	355 200
Total	1 370 000	6 282 086	(6 678 693)	(572 933)	-	400 460
ALL SPHERES GOVERNMENT	1 370 000	49 371 528	(37 463 553)	(12 456 582)	(420 934)	400 460

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
REVENUE						
Governance and administration	105 419 110	5 935 189	111 354 299	120 392 389	9 038 090	83 144 628
Executive and council	25 190 000	-	25 190 000	25 236 560	46 560	14 205 290
Budget and treasury office	-	-	-	-	-	66 813 749
Finance and administration	80 229 110	5 935 189	86 164 299	95 155 829	8 991 530	-
Internal audit	-	-	-	-	-	-
Corporate services	-	-	-	-	-	2 125 589
Community and public safety	34 570 575	8 000 000	42 570 575	20 441 608	(22 128 967)	22 396 710
Community and social services	7 022 675	(1 000 000)	6 022 675	5 975 072	(47 603)	6 328 157
Sport and recreation	7 097 900	-	7 097 900	7 662 188	564 288	6 397 209
Public safety	-	-	-	-	-	9 671 345
Housing	20 450 000	9 000 000	29 450 000	6 804 347	(22 645 653)	-
Economic and environmental services	12 730 700	409 500	13 140 200	17 085 073	3 944 873	11 973 909
Road transport	11 856 800	-	11 856 800	15 195 756	3 338 956	-
Planning and development	873 900	409 500	1 283 400	1 889 317	605 917	11 973 909
Trading services	154 013 904	2 032 410	156 046 314	155 079 522	(966 792)	153 589 713
Energy Sources	104 438 154	1 000 000	105 438 154	105 424 046	(14 108)	99 572 725
Water Management	24 344 470	782 410	25 126 880	23 353 941	(1 772 939)	25 361 846
Waste water management	9 507 935	-	9 507 935	10 627 708	1 119 773	11 671 749
Waste management	15 723 345	250 000	15 973 345	15 673 827	(299 518)	16 983 393
Total Revenue - Standard	306 734 289	16 377 099	323 111 388	312 998 591	(10 112 797)	271 104 960

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE OUTCOME 2017 R
EXPENDITURE						
Governance and administration	89 597 897	1 669 139	91 267 036	93 033 708	1 766 672	76 851 408
Executive and council	14 383 031	89 140	14 472 171	16 161 086	1 688 915	16 710 911
Budget and treasury office	-	-	-	-	-	40 470 260
Finance and administration	73 627 706	1 569 200	75 196 906	75 673 350	476 444	-
Internal audit	1 587 160	10 799	1 597 959	1 199 272	(398 687)	-
Corporate services	-	-	-	-	-	19 670 237
Community and public safety	45 318 302	3 028 517	48 346 819	22 015 332	(26 331 487)	39 266 639
Community and social services	12 217 424	(823 140)	11 394 284	9 837 473	(1 556 811)	13 672 653
Sport and recreation	10 956 270	(24 960)	10 931 310	10 377 237	(554 073)	9 956 097
Public safety	-	-	-	-	-	14 093 557
Housing	22 144 608	3 876 617	26 021 225	1 800 623	(24 220 602)	1 544 332
Economic and environmental services	39 708 450	(106 090)	39 602 360	43 718 192	4 115 832	24 682 505
Planning and development	8 908 250	28 990	8 937 240	8 640 738	(296 502)	9 046 679
Road transport	30 800 200	(135 080)	30 665 120	35 077 454	4 412 334	15 095 799
Environmental protection	-	-	-	-	-	540 026
Trading services	134 297 029	1 118 956	135 415 985	131 981 267	(3 434 718)	127 273 556
Energy Sources	88 084 910	605	88 085 515	86 823 796	(1 261 719)	83 915 244
Water Management	16 833 649	1 400 150	18 233 799	16 839 953	(1 393 846)	16 245 271
Waste water management	10 311 376	288 780	10 600 156	10 119 924	(480 232)	10 070 103
Waste management	19 067 094	(570 579)	18 496 515	18 197 594	(298 921)	17 042 936
Total Expenditure - Standard	308 921 678	5 710 522	314 632 200	290 748 498	(23 883 702)	268 074 108
Surplus/(Deficit) for the year	(2 187 389)	10 666 577	8 479 188	22 250 093	13 770 905	3 030 852

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
REVENUE						
Executive and Council	28 495 860	(700 000)	27 795 860	31 149 968	3 354 108	14 205 290
Engineering Services	166 301 404	2 441 910	168 743 314	168 187 891	(555 423)	-
Financial Services & ICT	66 722 850	5 635 189	72 358 039	78 029 864	5 671 825	-
Management Services	45 214 175	9 000 000	54 214 175	35 630 868	(18 583 307)	-
Budget and Treasury Office	-	-	-	-	-	66 813 749
Corporate Services	-	-	-	-	-	3 338 746
Community and Social Services	-	-	-	-	-	22 396 710
Electricity	-	-	-	-	-	99 572 725
Infrastructure	-	-	-	-	-	64 777 739
Total Revenue by Vote	306 734 289	16 377 099	323 111 388	312 998 591	(10 112 797)	271 104 960
EXPENDITURE						
Executive and Council	41 822 681	(235 661)	41 587 020	40 724 551	(862 469)	16 710 911
Engineering Services	156 097 310	757 476	156 854 786	152 735 041	(4 119 745)	-
Financial Services & ICT	47 136 155	1 395 350	48 531 505	51 405 266	2 873 761	-
Management Services	63 865 532	3 793 357	67 658 889	45 883 641	(21 775 248)	-
Budget and Treasury Office	-	-	-	-	-	40 470 260
Corporate Services	-	-	-	-	-	25 731 055
Community and Social Services	-	-	-	-	-	39 806 666
Electricity	-	-	-	-	-	83 915 244
Infrastructure	-	-	-	-	-	61 439 972
Total Expenditure by Vote	308 921 678	5 710 522	314 632 200	290 748 498	(23 883 702)	268 074 108
Surplus/(Deficit) for the year	(2 187 389)	10 666 577	8 479 188	22 250 093	13 770 905	3 030 852

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
REVENUE BY SOURCE						
Property rates	60 143 050	-	60 143 050	60 731 610	588 560	54 801 761
Service charges - electricity revenue	103 306 154	-	103 306 154	102 079 035	(1 227 119)	96 568 541
Service charges - water revenue	24 341 770	-	24 341 770	22 484 210	(1 857 560)	22 409 793
Service charges - sanitation revenue	9 485 935	-	9 485 935	10 346 159	860 224	9 223 088
Service charges - refuse revenue	15 723 345	-	15 723 345	15 440 499	(282 846)	13 367 998
Rental of facilities and equipment	2 055 660	-	2 055 660	9 351 079	7 295 419	1 596 283
Interest earned - external investments	2 060 000	-	2 060 000	2 821 294	761 294	2 130 979
Interest earned - outstanding debtors	1 496 000	-	1 496 000	1 319 382	(176 618)	1 563 532
Fines, penalties and forfeits	9 271 000	-	9 271 000	11 808 096	2 537 096	6 896 207
Licences and permits	60 500	-	60 500	1 319 383	1 258 883	59 435
Agency services	2 418 700	-	2 418 700	1 854 353	(564 347)	2 724 688
Transfers recognised - operational	55 833 501	4 615 307	60 448 808	37 463 553	(22 985 255)	33 935 113
Other revenue	7 769 175	4 844 689	12 613 864	11 236 089	(1 377 775)	14 110 581
Gains on Disposal of Properties	500 000	1 200 000	1 700 000	4 584 345	2 884 345	12 000
Total Revenue (excluding capital transfers and contributions)	294 464 790	10 659 996	305 124 786	292 839 086	(12 285 700)	259 399 999

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
EXPENDITURE BY TYPE						
Employee related costs	117 178 789	(557 610)	116 621 179	115 542 164	(1 079 015)	107 549 228
Remuneration of councillors	5 144 703	-	5 144 703	5 059 866	(84 837)	4 743 451
Debt impairment	7 833 480	-	7 833 480	18 160 974	10 327 494	10 965 865
Depreciation & asset impairment	11 439 899	(1 207 550)	10 232 349	12 211 471	1 979 122	11 019 554
Finance charges	8 964 009	719 421	9 683 430	9 432 690	(250 740)	9 307 095
Bulk purchases	76 678 030	120 000	76 798 030	75 357 709	(1 440 321)	73 081 748
Contracted services	18 207 802	(116 440)	18 091 362	18 390 041	298 679	14 725 576
Transfers and grants	2 763 400	45 000	2 808 400	1 398 206	(1 410 194)	2 102 616
Other Expenditure and Materials	60 711 566	6 707 701	67 419 267	34 656 316	(32 762 951)	33 890 182
Loss on disposal of PPE	-	-	-	539 061	539 061	688 792
Total Expenditure	308 921 678	5 710 522	314 632 200	290 748 498	(23 883 702)	268 074 108
Surplus/(Deficit)	(14 456 888)	4 949 474	(9 507 414)	2 090 587	11 598 001	(8 674 109)
Transfers recognised - capital	12 269 499	-	12 269 499	12 456 582	187 083	10 815 689
Contributions Recognised - capital	-	-	-	-	-	169 206
Contributed Assets	-	5 717 103	5 717 103	7 702 924	1 985 821	720 066
Surplus/(Deficit) for the year	(2 187 389)	10 666 577	8 479 188	22 250 093	13 770 905	3 030 852

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CAPITAL EXPENDITURE (VOTE)						
Multi-year expenditure						
Management Services	650 000	-	650 000	644 225	(5 775)	-
Engineering Services	650 000	-	650 000	580 470	(69 530)	-
Budget and Treasury Office	-	-	-	-	-	2 083 960
Corporate Services	-	-	-	-	-	22 379
Total Multi-year expenditure	1 300 000	-	1 300 000	1 224 695	(75 305)	2 106 339
Single-year expenditure						
Executive and Council	854 950	(627 740)	227 210	225 886	(1 324)	850 517
Financial Services & ICT	2 504 500	426 691	2 931 191	2 900 319	(30 872)	-
Management Services	2 963 536	(833 686)	2 129 850	1 782 708	(347 142)	-
Engineering Services	20 041 713	6 889 479	26 931 192	25 899 121	(1 032 071)	-
Budget and Treasury Office	-	-	-	-	-	368 032
Corporate Services	-	-	-	-	-	2 267 096
Community and Social Services	-	-	-	-	-	2 306 106
Electricity	-	-	-	-	-	4 347 480
Infrastructure	-	-	-	-	-	12 695 151
Total Single-year expenditure	26 364 699	5 854 744	32 219 443	30 808 034	(1 411 409)	22 834 382
Total Capital Expenditure by Vote	27 664 699	5 854 744	33 519 443	32 032 730	(1 486 713)	24 940 721

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE OUTCOME 2017 R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration	2 961 750	297 551	3 259 301	3 254 545	(4 756)	5 591 984
Executive and council	254 250	(77 970)	176 280	182 296	6 016	850 517
Finance and administration	2 707 500	375 521	3 083 021	3 072 249	(10 772)	-
Budget and treasury office	-	-	-	-	-	2 451 992
Corporate services	-	-	-	-	-	2 289 475
Community and public safety	3 164 036	(705 856)	2 458 180	2 083 933	(374 247)	2 306 106
Community and social services	303 000	60 090	363 090	336 021	(27 069)	980 168
Sport and recreation	2 861 036	(765 946)	2 095 090	1 747 912	(347 178)	1 100 673
Public safety	-	-	-	-	-	225 265
Economic and environmental services	12 858 970	3 310 660	16 169 630	15 804 675	(364 955)	8 748 538
Planning and development	539 200	(514 480)	24 720	18 612	(6 108)	1 118 772
Road transport	12 319 770	3 825 140	16 144 910	15 786 063	(358 847)	7 629 766
Trading services	8 679 943	2 952 389	11 632 332	10 889 577	(742 755)	8 294 093
Energy sources	2 547 750	976 990	3 524 740	3 262 393	(262 347)	4 347 480
Water management	3 255 000	422 752	3 677 752	2 858 595	(819 157)	2 303 224
Waste water management	877 193	1 300 937	2 178 130	2 516 925	338 795	1 579 165
Waste management	2 000 000	251 710	2 251 710	2 251 664	(46)	64 225
Total Capital Expenditure - Standard	27 664 699	5 854 744	33 519 443	32 032 730	(1 486 713)	24 940 721

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CAPITAL EXPENDITURE (FUNDING SOURCES)						
National Government	12 107 999	(118 251)	11 989 748	11 883 649	(106 099)	10 279 769
Provincial Government	861 500	87 000	948 500	572 933	(375 567)	535 920
Transfers recognised - capital	12 969 499	(31 251)	12 938 248	12 456 582	(481 666)	10 815 689
Public contributions & donations	-	6 717 103	6 717 103	7 702 924	985 821	884 575
Borrowing	5 660 750	(188 000)	5 472 750	4 483 620	(989 130)	2 620 035
Internally generated funds	9 034 450	(643 108)	8 391 342	7 389 605	(1 001 737)	10 620 422
Total Capital Funding	27 664 699	5 854 744	33 519 443	32 032 730	(1 486 713)	24 940 721

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CASH FLOWS

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	57 978 833	(333 267)	57 645 566	58 460 077	814 511	52 601 208
Service charges	147 356 716	(847 018)	146 509 697	143 354 704	(3 154 994)	134 653 593
Other revenue	15 094 338	2 523 031	17 617 369	25 688 588	8 071 219	10 807 776
Government - operating	55 133 501	17 675 586	72 809 087	37 259 746	(35 549 341)	33 905 429
Government - capital	12 269 499	(31 251)	12 238 248	12 111 782	(126 466)	11 515 689
Interest	3 502 167	(8 290)	3 493 878	4 140 676	646 799	3 694 511
Payments						
Suppliers and employees	(273 934 862)	(21 055 393)	(294 990 255)	(253 427 522)	41 562 733	(210 863 026)
Finance charges	(727 330)	(42 600)	(769 930)	(490 202)	279 728	(353 392)
Transfers and Grants	(2 763 400)	-	(2 763 400)	(1 398 206)	1 365 194	(1 464 986)
NET CASH FROM OPERATING ACTIVITIES	13 909 462	(2 119 202)	11 790 260	25 699 644	13 909 384	34 496 803
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of Assets	500 000	1 200 000	1 700 000	4 919 345	3 219 345	20 000
Decrease other non-current receivables	27 208	3 909	31 117	8 285	(22 832)	27 098
Payments						
Capital assets	(27 664 699)	204 679	(27 460 020)	(23 999 851)	3 460 169	(24 171 922)
NET CASH USED IN INVESTING ACTIVITIES	(27 137 491)	1 408 588	(25 728 903)	(19 072 221)	6 656 682	(24 124 824)

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CASH FLOWS

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	5 660 750	(188 000)	5 472 750	17 400 000	11 927 250	220 035
Increase (decrease) in consumer deposits	188 480	68 965	257 445	216 701	(40 744)	282 667
Payments						
Repayment of borrowing	(2 240 385)	606 586	(1 633 799)	(837 282)	796 517	(897 009)
NET CASH FROM FINANCING ACTIVITIES	3 608 845	487 551	4 096 396	16 779 419	12 683 023	(394 307)
NET INCREASE/ (DECREASE) IN CASH HELD	(9 619 184)	(223 063)	(9 842 247)	23 406 841	33 249 089	9 977 671
Cash/cash equivalents at the year begin:	16 034 598	8 326 871	24 361 469	24 361 469	-	14 383 798
Cash/cash equivalents at the year end:	6 415 414	8 103 807	14 519 221	47 768 311	33 249 089	24 361 469
NET INCREASE/ (DECREASE) IN CASH HELD	(9 619 184)	(223 063)	(9 842 247)	23 406 841	33 249 089	9 977 671